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STATEMENT

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STATEMENT



94/3

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
ON THE OCCASION OF THE DINNER ON
ECONOMIC EMPOWERMENT IN THE NEW SOUTH AFRICA

JOHANNESBURG, South Africa
January 31, 1994

Ladies and gentlemen, distinguished guests:

I am absolutely delighted to be in South Africa at a time of such historic significance and change. This is truly a period of transition for South Africans, and I want to underscore here tonight Canada's intention to be constructively engaged in your efforts to define the "new South Africa."

As you are aware, Canada has been a vociferous advocate for political change in this country, change that would result in each citizen regardless of race or gender being able to exercise the simple right to vote and thereby participate in the democratic process.

That new day is finally arriving on April 27. Nonetheless it is clear that unless political enfranchisement is accompanied by the ability to advance economically in this society, the political freedoms that have been won with such great sacrifice and at such a high cost will be incomplete.

Thus I share the thinking of many of you here tonight that efforts must be made to put an end to economic apartheid. How you set out to achieve this goal is a matter for South Africans to decide. Nonetheless, I can assure you that in those areas in which we as Canadians can be of assistance, we will endeavour to be so.

In this respect I must underscore my personal conviction that the transformation of society cannot be undertaken by a government on its own and without the support of the rest of society. In the economic sphere the co-operation of the private sector is vital.

This is one of the reasons why, as Minister for International Trade on my first visit to South Africa, I invited several leading private-sector participants to join me. I recognize that they have an important role to play that, even with the best will in the world, neither my government nor myself can undertake.

It is the private sector that will engage in trade and investment activities with their South African counterparts. It is the private sector that will enter into joint venture and licensing arrangements with South Africans. And ultimately, it is the flow of new investment from these private-sector activities that will result in the creation of new jobs and the uplifting and empowerment of a broad spectrum of South Africans.

What do we have to offer at this time, you may ask? My role as a minister of the Canadian government is to ensure that the appropriate structures are in place that will permit the private sector to do what it does best. In this regard, since the lifting of sanctions, the Government has endeavoured to reinstate all trade support measures that had been withdrawn when sanctions were imposed. One or two remaining issues are being handled expeditiously.

In terms of specifics we are quite proud of the encouragement that the Canadian Assistance to Black Business in South Africa project, has provided to small, Black entrepreneurs. Since 1989, the project has provided assistance to 81 small, Black-owned companies, in various parts of South Africa but mostly in the townships, which in turn generated an estimated 1800 jobs.

Clients are provided with advice in such areas as marketing, finance, management systems, quality control and industrial management by local Black consultants. The project has exposed many in the previously largely informal, Black private sector to modern business techniques and a number of firms will be able to seek eventual partnership with foreign establishments. Later this week, I plan to visit one or two of these projects. Our government is committed to continuing with this program.

Our Canadian Exporters' Association is also planning a franchising mission to South Africa later this year. It's goal will be to seek potential franchising partners and the focus will be on small- to medium-sized businesses.

With the lifting of investment sanctions Canadian companies can now enter into joint ventures and other arrangements with their South African counterparts. Already, we have in our midst tonight representatives of one company that has taken that step. SA Express is a joint-venture initiative between Canadian and Black South African entrepreneurs to establish and operate a commuter airline service.

We as a government are continuing our substantial support programs for education and training, particularly of public administrators, economic planners and the like. We contributed to the establishment of the Macro-Economics Research Group, which was set up to address the research priorities of immediate concern during the transition to democratic government. As well, in the pre-election period, considerable effort and resources are being devoted to voter education. We recognize that as your needs change, our assistance will need to change and our future policies will reflect this.

When Mr. Nkonyeni, President of the National African Federated Chamber of Commerce and Industry (NAFCOC) visited Canada last October, his pleas and his proposals for Black economic empowerment were reported widely in the Canadian media. Canadian investors listened with great interest. Subsequently we were particularly encouraged to learn of the initiative launched by NAFCOC in December to establish a secretariat within KPMG Aitken and Pitts for processing joint-venture enquiries from overseas. I hope that this will assist foreign investors, in particular Canadians, in identifying appropriate investment partners in South Africa among the previously disadvantaged community.

In conclusion, I must reiterate how privileged I feel to be in South Africa at this time. As a society that is reinventing itself, you have much work to do. But you also have many interested friends abroad who are convinced that given your wealth of material and human resources -- and a determination to succeed -- you will take your rightful place on the African continent and in the wider community of nations, as a proud contributor to the prosperity of the 21st Century.



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STATEMENT

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
SOUTH AFRICAN CHAMBER OF BUSINESS

JOHANNESBURG, South Africa
February 1, 1994

Canada

Mr. Chairman, ladies and gentlemen, distinguished guests:

Once again, let me say how delighted Mrs. MacLaren and I are to be in South Africa at this important moment in your history. I must also thank you all for taking the time from your many preoccupations to meet with our visiting delegation here today.

It is a tribute to the commitment on both sides that we Canadians have travelled to South Africa to learn first hand the best way to participate in future economic relations with you, and that you have taken the time to share your views and perspectives on South Africa's way forward.

As the representative of a country that took a firm stand on apartheid, I want to extend our strongest congratulations to South Africans on the progress that has been made toward the achievement of a non-racial democracy. The abolition of statutory apartheid and the adoption of a non-racial democratic constitution have created an environment that now permits the establishment of new business links between South Africa and Canada.

As you are aware, Canada lifted economic sanctions against South Africa last September. Only the United Nations military embargo on trade in military goods is currently being observed. What impact has the lifting of economic sanctions had on our bilateral relationship? Frankly, we have turned the page. I can say with some assurance that we have now ushered a new era of bilateral co-operation, which I hope will be strengthened in the years ahead.

As a government, we have reinstated the full range of trade support measures for trade with South Africa. The most obvious example is the opening, last October, of the trade section of the Canadian Embassy in Johannesburg. It is currently staffed by four trade specialists, two from Canada. This is an important indication of our confidence in the new South Africa.

Export credit and insurance is now available to Canadian exporters to South Africa through the Export Development Corporation, which has now placed South Africa on cover for short- to medium-term coverage.

Officials of South Africa and Canada are reviewing the question of a Canada-South Africa double taxation agreement. I shall also be having informal discussions with South African officials, with a view to starting negotiations at a mutually agreed upon date.

From the perspective of South African exports to Canada, the lifting of the trade sanctions now permits you to sell your agricultural produce as well as coal, iron and steel products to Canada.

More importantly, the lifting of sanctions now permits Canadian companies and banks to engage in investment and financial transactions with South Africa. In fact, the presence here today of senior representatives of two of Canada's leading commercial banks underscores our commitment to service this market appropriately.

Other mission members are here to investigate a whole range of opportunities, including joint ventures, technology transfer, licensing arrangements, project management expertise, distributorships and agency agreements. In a more general sense, we are all here to learn more about the South African marketplace, its strengths, requirements, as well as its *modus operandi*.

I am sometimes asked what level of investment do I foresee Canadians placing in South Africa. Understandably, I do not have a specific answer at this time, but I can make a few general observations.

Trade tends to be a first step for many companies seeking to establish or re-establish themselves in a market. Frequently, as a second step based on success in that market, a company may seek to enter into other business relationships that may involve equity or non-equity participation. Several of the mission members (including SNC Lavalin and Lardel Holdings) have already entered into these types of relationships.

Ultimately, much will depend on the economic climate in Canada and in South Africa, and the competing demands for capital internationally. As well, many Canadian companies are monitoring the political and economic developments in South Africa, particularly in light of the upcoming elections and the changes anticipated thereafter.

But, if I may share my conviction based on discussions with the Canadian business community, there is an overall openness to investing in South Africa now that Canada's investment sanctions are lifted. Individual companies will continue to make decisions based on the merits of the specific investment opportunity and the attendant risks and rewards. Institutional investors are now beginning to review the South African market in order to determine how they wish to participate.

In this respect, South Africa, with its superior infrastructure, sophisticated financial sector, diverse economy, growing consumer market, wealth of human resources and convertible currency, is an attractive destination for Canadian investors who are seeking investment opportunities overseas, particularly in Southern Africa.

In addition to trading in the traditional items, Canadians are ready to work with South Africans in the areas of education and training, transportation, telecommunications and other related high-technology fields to help you attain your goal of a strong and vibrant South African economy. We anticipate that with very active Canadian and South African business communities, our two-way trade can quickly attain its pre-sanctions 1986 level of almost C\$500 million.

Already we have seen both in Canada and here in South Africa the establishment of several Canada-South Africa chambers of commerce and business with the objective of promoting mutual business interests. The Canadian Exporters' Association is also planning a franchising mission to South Africa later this year. Its goal will be to seek potential franchising partners and the focus will be on small- to medium-sized businesses.

Which brings me to another point, the future role of South Africa in Southern Africa. Many Canadian exporters and investors visualize a future in which South Africa will be a regional centre of distribution for goods and services to most parts of sub-Saharan Africa. This will likely be the case regardless of the type of economic relationships South Africa finally evolves in regional institutions such as the Southern African Development Community, the Preferential Trade Area, or the Southern African Customs Union.

My government's role is to ensure that the appropriate structures and agreements are in place to foster trade and investment initiatives. In these days of mounting government debt and declining flexibility of governments to undertake infrastructure and other initiatives, we are very supportive of private-sector initiatives that encourage trade and investment as a means of achieving growth.

Recognizing the key role that a new South African government must play in addressing the many inequalities left by the system of apartheid, Canada will remain flexible in support of those programs that can help the new administration attain its goals.

In closing, I want to thank you again for your time. I strongly encourage you to come and visit us in Canada and learn more about what we have to offer. I have no doubt that you will be seeing an increasing number of Canadians seeking to learn more about opportunities for mutual co-operation.



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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE CANADIAN LUNCHEON

DAVOS, Switzerland
January 29, 1994

Canada

I join Ambassador Roy¹ in welcoming you to the 8th annual Canadian luncheon in Davos. I also want to take a moment to recognize our co-hosts for this luncheon: the governments of British Columbia, Manitoba, Ontario and Quebec, and the executives of many Canadian corporations who are hosting individual tables. We appreciate their co-operation.

The Canadian luncheon has become a tradition and I am pleased to be part of its continuity. There is, however, one element of the tradition with which I am about to break. This year the speech will be short -- a very brief overview of developments in the world trading environment and the priorities of the Government of Canada.

If there is a consensus to arise out of recent Davos conferences, it is that we are living in an increasingly interdependent global economy. A virtual revolution in transport, telecommunications and computational technologies is rapidly blurring the distinction between domestic and international economies. Canada's ability to continue to attract the high-skill, high value-added industries and jobs of the future will depend directly on how we position ourselves in this emerging global economy. Or stated alternatively, any domestic growth strategy must, almost by definition, be an export-oriented strategy.

Yet the same process of global integration that is making trade and economic linkages so critical to Canada's future is also making the environment in which we must pursue these objectives increasingly complex. In the past, Canada had the good fortune to be allied to the world's major economic powers -- first Britain, then the United States --, which gave us a degree of international leverage and market access that our limited size would not otherwise have justified. Today, however, there is not one but three economic superpowers; meanwhile, we are witnessing a profound shift in the fulcrum of economic power from the Atlantic to the Pacific. How we construct the institutions and mechanisms to cope with this shift -- and how we avoid potential frictions -- is perhaps the central issue confronting the world community; one which is of particular concern to a trade-dependent nation such as Canada. Although the management of our critical relationship with the U.S. is of paramount concern, so too is the danger of being squeezed between rival trading blocs.

At the same time, the rules of the international game are changing dramatically. Increasingly, it is more accurate to speak not of trade policy as such, but of international economic policy. Jurisdictions and policy areas that have long been considered to be quintessentially domestic are now increasingly subject to international negotiation and rule-making. Both government and the private sector must now deal not just with

¹ Jacques S. Roy, Canada's Ambassador to Switzerland.

tariffs and export subsidy practices, but also with investment policy, intellectual property, competition policy, and research and development. Even social programs, previously the sole preserve of national governments, are coming under the trade negotiator's microscope or, at the very least, are being reshaped in response to the inexorable pressures of the international marketplace. Just as Canada cannot afford to hide from these increasingly intrusive trade and economic policies, nor can we afford to expose ourselves to the unilateral rule-making of others.

This brings me to the central challenge of Canadian trade and economic policy in the late twentieth century: how to pursue our national interests in a world where economies are not only increasingly integrated but international institutions are struggling to keep up. The answer, I would suggest, lies largely in developing a more independent, more agile and more focused trade agenda based on a strategic assessment of where our economic interests lie.

Although it is beyond the scope of this speech to explain such a policy in detail, let me set forth what I believe should be our three strategic objectives. First, we must begin to target our global economic priorities more clearly. Europe remains a central market for many Canadian exports and an important source of investment capital. We will continue to attend to the transatlantic market carefully. For its part, the U.S. market and the successful management of our trade relations with our neighbour are fundamental to Canada's economic prosperity. Nonetheless, the highest growth rates and most exciting new market opportunities are in the Western Hemisphere, in Latin America, and most especially westward in the Pacific Rim.

How can we secure further access to traditional markets while actively expanding Canada's economic linkages with high-growth markets overseas? For one thing, we intend to promote a quick start to the work of the new World Trade Organization. The WTO is a Canadian proposal that completes the postwar trade and payments system in the best traditions of Canadian foreign policy. We will actively encourage the international community to elaborate more fully a forward-looking work program that reflects Canadian interests as well as the new issues -- especially trade and the environment, and the possibility of replacing anti-dumping regimes with competition policy -- that have arisen through greater global integration. We will also actively encourage means by which the WTO, the World Bank, and the International Monetary Fund can co-ordinate their efforts to reach mutually reinforcing policy objectives. And we will actively encourage the prompt and meaningful accession of China, Taiwan and Russia to the new General Agreement on Tariffs and Trade/WTO structure of rights and obligations.

The recently proclaimed North American Free Trade Agreement [NAFTA] can also provide a complementary tool for expanding opportunities for Canadian exports, but only if it remains fundamentally open to new partners -- partners who are prepared to live by the NAFTA disciplines; who will take a constructive approach to international rule-making; and who can provide further balance in a trading arrangement where the United States remains predominant.

What we do not want to see is a NAFTA that turns inward on itself, devolving into a form of continentalist, protectionist bloc. For this reason, I believe we must focus our attention on the accession issue and underscore its importance as a means of strengthening trade and investment relations, not only within our hemisphere but across the Pacific for those Asian countries ready for a comprehensive economic partnership.

But the WTO and NAFTA are not the only tools available to Canada to expand our trade relations beyond North America. Another approach could be to explore the prospects for negotiating bilateral free-trade arrangements with selected Pacific Rim countries. In this respect, Canada's role in the FTA [Canada-U.S. Free Trade Agreement] and now NAFTA can be translated into a major competitive advantage on an international scale by encouraging greater economies of scale, greater specialization and greater productive efficiency. To do this, however, it is essential that we view our North American base not as a buffer against international competition, but as a springboard into a rapidly expanding global economy.

The second part of this more strategic approach to trade policy is to devise ways to target government programs and resources more effectively, to assist Canadian companies to be even more successful international players. Of particular concern to this government is the role of small and medium-sized enterprises, which have the potential to be the growth engines of the future but often lack the critical mass, the financial resources, or the technical expertise to penetrate foreign markets. In co-operation with the Minister of Industry, I have instituted a full review of this matter with the aim of ensuring that our small and medium-sized firms have access to the tools and the environment needed to compete. Export and venture financing, delivery of market information, co-ordination of government programs and the pooling of private-sector resources -- all of these issues are now on the table. By adopting a more market-driven approach to trade development -- one that sees government as an export facilitator rather than an export leader -- we can use market signals to help set our real trade priorities.

Finally, we must foster a domestic economic environment conducive to export-led growth. It has become commonplace to observe that the boundary between national and international issues is

becoming blurred. In the same way, the distinction between domestic policy instruments and trade policy instruments is in many instances meaningless. Regulatory and tax policies that unnecessarily inhibit export sectors must be revisited; regimes and restrictions that block constructive international investment must also be re-examined. As the world economy becomes increasingly open, Canada will inevitably be exposed to greater and more fluid investment flows. We need to ensure that Canada can attract the kind of high-quality foreign investment that will allow us to take advantage of technology transfers, to acquire materials and skills from global markets, and to remain at the hub of international linkages and alliances.

Yet the real key to encouraging productive investment lies in reducing government deficits. Only through greater fiscal responsibility can we ease the pressure on interest rates and exchange rates, eliminate the need for further tax increases, and help to restore business and investor confidence. This in turn can prepare the ground for a less restrictive monetary policy, one that will make more accessible the capital needed for investment and help put unemployed Canadians back to work. If we are going to promote export growth and high-wage jobs, then we need a domestic economic policy that spends less on the present or the past -- funnelling scarce resources into current consumption or past debts -- and more on investing in our future.

An aggressive, outward-looking trade agenda is critical to economic recovery and job creation. While Canada's international objectives remain unchanged -- opening up high-growth markets, encouraging internationally competitive industries and enhancing rules-based trading regimes -- our tools and approaches will need to be new, to reflect the realities of the new global economy.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
STANDING COMMITTEE
ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE



OTTAWA, Ontario
March 8, 1994

Mr. Chairman, first of all I want to register my appreciation for the invitation to appear before your committee. I look forward to an informative exchange of views with you today and to establishing a close, ongoing relationship. I propose to take some time now to outline for you my preliminary thoughts on where Canadian trade policy and trade initiatives should head as we move into the second half of the 1990s. Subsequently, I would welcome questions from the committee.

I understand that tomorrow you will be briefed on the Department's budget, the main estimates, by Garrett Lambert, who is with me today. Mr. Lambert is the Assistant Deputy Minister for Corporate Management Issues in the Department of Foreign Affairs and International Trade. I would suggest that the Committee may, in the first instance, wish to direct questions on budgetary matters, including any related to trade development, to Mr. Lambert tomorrow.

I am, of course, ready to discuss all trade and trade-related matters with you today, as members wish. Nonetheless, as this is my first meeting with the committee, I think it might be particularly useful for me to provide you with a sense of the direction I want to give to the international trade portfolio.

In this regard, I want to emphasize that I will be working closely with the Minister of Foreign Affairs in the foreign policy consultative process now under way. Trade issues are foreign policy issues; I make no distinction. I am confident that the views of the special joint parliamentary committee, established to consult with Canadians on foreign policy issues, will make an essential contribution to the development of a balanced and forward-looking agenda for Canada's international trade relations.

Mr. Chairman, trade is central to sustaining Canadian prosperity. Exports of goods and services account for over one-quarter of Canada's gross domestic product [GDP]. Directly and indirectly, exports sustain over two million jobs in Canada. The export sector has been the most dynamic element in stimulating economic growth in Canada. The importance of trade for job creation will continue to increase into the foreseeable future.

Canada also relies on imports of goods and services -- again representing about one-quarter of our GDP. For a small economy such as Canada, imported inputs have been and are critical to sustaining competitive domestic production as varied as up-scale men's clothing, motor vehicles, and computers and computer accessories.

I believe that the conduct of Canada's trade relations should rest on the quest for greater international security for Canadian exporters through agreed rule-making and enforcement, and on the creation of competitively sustained jobs for Canadians, whatever the product, wherever the market.

These fundamental premises provide the foundation for the management of Canada's international trade relations. Nonetheless, the Government understands that it must build on this foundation to provide greater focus. Implementation requires identifying priorities and making hard choices, so that the resources the Government brings to bear are used with maximum effectiveness and so that the export community can plan ahead with greater certainty.

As Minister for International Trade, I am focusing my department's trade relations activity around three principal themes:

- taking full advantage of the market access now in place;
- improving further that access in a responsible, measured manner; and
- fostering a domestic economic environment conducive to export-led growth.

First, with the entry into force of the NAFTA [North American Free Trade Agreement] and the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations, important new market access opportunities have opened for Canada:

- duty-free entry for Canadian newsprint and other paper products into Europe and Japan;
- freer trade in high-tech equipment and software, as well as transportation and telecommunications equipment;
- new potential to fill procurement contracts put out to competitive bidding by governments, including in major developing countries; and
- much clearer international rules limiting the ability of U.S. and European regulators to manipulate the rules on subsidies and countervailing duties to the detriment of Canadian exporters.

This progress and much more has been achieved.

I am determined to ensure that our exporters can take full advantage of these new opportunities. We are undertaking a complete review of all federal trade development programs to eliminate overlap and inefficiencies and to provide a sharper focus to our export support efforts.

I also plan to meet regularly with my provincial colleagues to explore how we can best combine our efforts to encourage exports and create jobs. In fact, I will be meeting with provincial and

territorial trade ministers two days from now. I am certain that we can all agree that governments must take a Team Canada approach to export promotion. Canadians expect nothing less.

Mr. Chairman, we will continue to pursue export opportunities in the United States and Western Europe. The U.S. market and the successful management of our trade relations with our neighbour are fundamental to Canada's economic prosperity. As you know, through the NAFTA working groups we fought to establish, we place special emphasis on reforming U.S. practices related to the inappropriate use of anti-dumping and countervailing duties.

In addition, I believe that we should also focus greater attention on the highest growth potential regions: the Pacific Rim and Latin America. For example, we will soon open the Canadian Business Centre in Mexico City where Canadian exporters can meet Mexican contacts, hold market access training sessions, and make sales presentations to larger audiences on a cost-recovery basis.

Across the Pacific, to take another example, we are planning to move quickly to strengthen our presence in Viet Nam and South China to ensure that Canadian exporters receive the best on-the-ground assistance and guidance in pursuing business opportunities in those very promising markets.

I am particularly interested in exploring ways of enhancing the export readiness of Canada's small and medium-sized enterprises. In co-operation with my colleague, the Minister of Industry [the Honourable John Manley], I have instituted a full review of this matter with the aim of ensuring that our small and medium-sized firms have access to the tools and the environment needed to compete and win internationally.

Mr. Chairman, we have a clear trade and overseas business development focus. But we can and must do more to expand current opportunities further. I believe that improved access can be sought in two, mutually reinforcing ways.

I believe that we should focus on expanding our access into high growth regions, particularly Latin America and the Pacific Rim. The extension of the NAFTA to other countries in this hemisphere will not only introduce several new and dynamic partners to help us to balance the very large presence of the United States in the NAFTA, but new accessions will also lead to improved and more secure access for Canadian exports to a number of rapidly growing regional markets.

Moreover, I am determined to explore a range of formal mechanisms for building stronger trade and investment linkages across the Pacific. Important work can be done in this regard through active participation in the Asia-Pacific Economic Co-operation

(or APEC) forum. But I believe that there is room to be more dynamic and creative, including through possible bilateral agreements and perhaps through the accession to the NAFTA by at least some Asian economies over the next few years.

The other key focus for further rule-making and access improvements is multilateral. I believe that Canada must work hard to ensure that the new World Trade Organization (WTO) gets off to a fast start in 1995.

The international trading community must move quickly to ensure that the WTO develops an agenda to deal with emerging issues (such as the possible convergence or harmonization of national competition policies), as well as important unfinished business (such as the reform of anti-dumping regimes, further liberalization of government purchasing practices, and the final elimination of all barriers that still impede our exports of more fully processed resource-based products). We seek a forward-looking and balanced work program for the WTO that reflects Canadian interests.

Finally, I want to reassure this committee that the Government will vigorously defend the market access achieved through negotiations and realized in practice through the efforts of our export community. We will not hesitate to challenge other nations when they do not live up to their international trade and economic obligations, and Canadian interests and jobs are threatened as a result. We will be active bilaterally, and we will use the dispute settlement provisions found in our international trade agreements to defend the interests of all Canadians.

Thank you, Mr. Chairman. I look forward to responding to questions that the committee may have on the direction of Canadian trade policy and the international trade opportunities and challenges faced by Canadian exporters.



STATEMENT

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NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
TO THE
PARLIAMENTARY DEBATE
ON CANADA'S FOREIGN POLICY REVIEW

OTTAWA, Ontario
March 15, 1994

Canada



My remarks today are made in the context of our government's commitment to a foreign policy review.

The foreign policy review commences with this opportunity in the House of Commons for elected members of Parliament to speak to issues that, although they may not seem as urgent to their constituents' well-being, are in fact just as relevant to the well-being of Canadians as health, welfare and the social safety net. Many factors outside of Canada threaten the security of our daily lives and that of our children and grandchildren, just as surely as unemployment, the deterioration of health and education programs, and difficulties resulting from our debt and deficits at home.

If world population growth rates continue and poverty worldwide is allowed to continue to ravage our global environment; if consumption levels continue without consideration of whether that consumption is sustainable; if women worldwide are not recognized as the critical determiners of health and education standards and economic well-being, nor supported adequately in these roles; then our very survival is threatened, not just our economic or social well-being.

Members of Parliament are elected to represent more than the immediate interests of their constituents, important as these interests are. Members of Parliament are obliged to balance the interests of their constituents with the broad and often conflicting interests of the regions of Canada and of our country as a whole. But federally elected members of Parliament must broaden the balance of all of these interests to include a global perspective -- the best interests of humanity as a whole, our global family. Our vision cannot be blinkered by narrow interests; we must not be blind to critical issues in a rapidly changing world. As I am sure all members have noticed since the commencement of the 35th Parliament, determining the future directions of our nation is a complex and often difficult balancing act.

Canada has a long-standing reputation for leadership in addressing international problems, and we intend to further strengthen this reputation over the years, but no government has all the answers. In the post-Cold War era we are continuously presented with rapidly changing situations, new challenges and many opportunities. That is the reason that this government is launching today a broad consultative process with the Canadian people.

Ultimately the Government must make policy decisions, but we recognize that Canadians, for reasons of culture, language, education, travel and business experience, have much more to contribute to policy formulation than ever before. These rich qualities of culture, language, education and international experience are not exceeded in any other country.

The Liberal government does not come to its foreign policy review with a blank slate. Even while in Opposition, we consulted with the Canadian people on a wide variety of issues such as UN [United Nations] reform, aid, human rights and sustainable development. Our principles have been clearly articulated, and it is upon the basis of these that we wish to review our foreign policy. It is my own fervent wish that at the end of the process we will be able to articulate a more coherent foreign policy throughout which the various elements of aid, trade, defence, environment, health, agriculture, immigration and politics will complement each other.

In the past, elements of Canadian foreign policy have often operated without consideration of their effects upon other policy areas. This resulted in policies that often worked at cross-purposes and that ran the risk of cancelling out each others' benefits. Our fragile planet cannot withstand the continuation of this short-sighted approach. Scarce resources, public and private, must be harmonized to maximize our limited capabilities. We need a full foreign policy review to help us better understand how to achieve coherent results.

My specific purpose in addressing this debate today is to highlight the relevant issues from the perspective of my areas of responsibility: Latin America, which includes the Caribbean, and Africa.

I would like to begin with some reflections first on Africa. As a continent that is rich in culture, human resources and geographic wonders, it is, I believe, worth our attention and consideration.

Africa currently has a population of 650 million people -- a figure that could double by the year 2010. Canadians need to determine what kind of impact 27.5 million Canadians can have that will improve the conditions of life faced by 650 million Africans. What can we do when the people of Africa are forced to eradicate their own natural resources for the purpose of survival? It is in those situations that environmental concerns become as much a security issue for Canada as terrorism.

The nature of Canadian aid to Africa has changed in recent years. More and more of our dollars are spent in providing relief, not development assistance, relief augmented by peacekeeping and defence dollars, dispensed in response to social, economic and political upheaval. Ultimately, Canada is forced to make huge contributions to alleviating refugee programs, at home and abroad. We must recognize the immense costs of social, political and economic crises and their linkage to our own well-being at home here in Canada.

The cost to Canada of emergency assistance, peacekeeping and refugee care and processing in war zones far outweighs the cost of building secure and stable societies through long-term development. In recent years it has become evident that we cannot afford not to promote international peace and security.

I would also like to point out why I believe attempts to achieve coherency in foreign policy are important and why Africa most easily illustrates that reality. Aid or development assistance alone, in whatever volume, is insufficient. If current relief dollars, emergency food aid dollars for example, were all converted to "development" dollars to address basic human needs for health, education and income generation, the problems of Africa would still not disappear. Dollars spent by Canada for development should therefore complement policies and programs of recipient country governments with the same end in mind -- sustainable development.

Good governance, human rights, adherence to democratic principles, economic transparency, and acceptable accountability standards are requisite. We cannot afford to squander too many development assistance dollars in countries that do not respect the principles and goals of our initiatives. For that purpose, Canada has already started to relate our assistance to such principles as respect for human rights and competent economic management. This will surely be examined as a part of the foreign policy review.

This is obviously an approach of utmost importance, yet even a policy of providing development dollars to countries practising good governance policies will not alone achieve sustainable development in those countries. Economic opportunity must also be possible. For many African countries, debt burdens threaten to prevent the emergence of a viable economy. There is an additional need in developing countries for policies to encourage foreign investment, and for international policies that permit free and fair trade to occur with poorer nations. Political will on all sides to bring about necessary reform is paramount. I am sure our foreign policy review process will assist the Canadian government in developing proactive, effective methods to achieve this goal.

Africa is going through a period of extensive change. The populations of many African nations are signalling their determination to rid themselves of the recurring problems of corruption and abuse of power that have been associated with their governments. The people of Africa have illustrated their desire to live under governments that are capable of responding to the basic needs of their societies: health, education, peace, a sustainable environment and economic stability.

The task ahead for Africa is not an easy one. The changes required will not occur without the tremendous work and dedication of African citizens. Canada recognizes that the movement toward democratization will not be without difficulties. Inevitably, political change does not occur without problems or unexpected detours. Nonetheless, it is important for the democratization process to take root, respecting African customs, traditions and values, in order for the process to become well-anchored and for it to provide hope for future African generations.

Supporting the process of democratization and good governance only to election day is not sufficient in newly democratizing nations. Elections are but a first step of many, albeit a crucial one. Canada must therefore be committed to continued support for the development of good governance.

From the Canadian perspective, the changes that are taking place in Africa are welcome ones. In recognizing the need for change, and the potential for growth that exists in these countries upon achieving political and social stability, Canada can grasp an important opportunity by continuing to support this transition.

We also should not underestimate the economic ties Canada has established with Africa. Our African trade involves every Canadian region and has allowed many companies to make more effective use of their knowledge and technology. This is of significant benefit to Canadians, who gain not only market access but also jobs and greater economic security for themselves. By applying its knowledge and supplying its products where the demand emerges, Canada maintains and increases its competitiveness.

Mr. Speaker, it is worth recalling that the United Nations, the Commonwealth and la Francophonie are major multilateral organizations through which Canadians and Africans have been closely associated. Many of our honourable members may not be aware that African countries comprise 30 percent of UN membership, 27 percent of the Commonwealth and 52 percent of the countries in la Francophonie.

The linguistic, cultural and historical ties between our nations have existed far longer than our relationships through aid programs. Indeed, Canada's bilingual and multicultural nature has been an important factor in building those long-term relationships. That is the foundation upon which we can take the opportunity to build a long and fruitful partnership well into the future, if we have the political will to do so. In my opinion, we cannot afford not to. Our foreign policy review will help us to focus on how to manage our programs most effectively.

Within our development assistant programs, Canada has traditionally attached the highest priority to activities that attempt to reduce global poverty. It has been recognized that crime, violence and large-scale conflict often result in situations where poverty is most prevalent. Our government has stated that our goal is to provide 25 percent of our ODA [Official Development Assistance] to meet basic human needs and human resource development; to provide basic health and education; to work more closely to assist women who are the poorest principal providers of health, nutrition and education; and to provide sustainable development so that future generations may also know peace and security.

This government was elected on a promise of fiscal responsibility. While we are not in a position at this time to increase funding to our development assistance program, our goal remains the same -- to achieve a 0.7 percent ODA to GNP [gross national product] ratio. Despite this need for fiscal restraint, I do not believe that limited financial resources necessitate a reduction in effectiveness. Through creative, proactive and well-managed programs, our impact can even increase. Initiatives in human rights, for example, often administered on a small scale, can have a widespread impact. Our challenge is to administer all of our programs more effectively.

Mr. Speaker, we recognize that the impact of necessary change can be felt unequally by different groups in society. Canada is trying to respond to this reality by working with international financial institutions and through local governments to protect existing adjustment programs but mitigate negative impacts by launching new social programs to benefit those most directly affected by adjustment. We hope the foreign policy review will address this issue.

Canada has participated in adjustment efforts by trying to alleviate the debt burden. In 1985 we forgave all outstanding loans to the least-developed nations. From that point on, our official development assistance programs have been based upon grants, not the lending of money. Still, Africa's continuing debt burden severely handicaps its efforts at sustainable development. As a development partner, we need to consider how best to alleviate this burden. Success will assist in the creation of healthier African economies.

Mr. Speaker, now to Latin America. Canada is a country in and of the Americas. With the effects of globalization, Latin America and the Caribbean have become increasingly central to Canada's foreign policy. This region has already started upon fundamental economic, political and social change and modernization. Canada has a unique opportunity to share in this evolution and to help to shape it through positive collaboration. We are viewed as a

responsible and increasingly committed hemispheric partner, and I believe that we stand to benefit from this partnership.

In recognizing the potential of this partnership, we must also recognize that Canada has a great deal to learn in order to avoid being marginalized in the development of our relationship in this hemisphere. The region's history, language and culture are very different from our own, and our understanding of its situation will influence the extent and success of our relationship.

Canada's foreign policy toward the region faces many challenges. Our approach to Latin America and the Caribbean must be consistent with our overall foreign policy objectives, which include poverty alleviation, the promotion of good governance, human rights, social stability, gender and racial equality, a sustainable environment, and international peace and stability. While the population is well-educated in comparison with that of other developing regions, profound social problems exist in this region that must be addressed at the source. Central among these is the unequal distribution of wealth and land. Resolution of these issues is essential if the population's future well-being is to be guaranteed.

In recent years, there have been positive political trends in Latin America. In the early 1980s, many countries were ruled by the military. Now almost all governments in the region have been democratically elected, based on open constitutional procedures. As these countries become more familiar with the democratic process, they are adjusting their political policies to meet international standards.

Work is being done by Latin American and Caribbean citizens to consolidate and strengthen democratic, judicial and human rights institutions. Canadian assistance has been and remains important in reinforcing these trends. Our emphasis has been placed on political transparency, with governments increasingly to be held accountable for their actions and performance. The military in most countries now shows a greater respect for civilian authority and has retreated to a more limited, proper role in society. Canada supports and is encouraged by this process of democratization. As with our work in Africa, it is imperative to remember that elections in themselves do not create democracy. It is incumbent on the donor countries to continue their support until a true democratic society is achieved. In fact, we anticipate the day when we learn from each other in this regard.

In the Commonwealth Caribbean, Canada has long-standing, strong ties with both the governments and the people. These ties have been based upon shared parliamentary and democratic traditions, common values, close personal contact with government leaders, extensive tourism and major involvement by Canada's chartered banks. We expect these ties to endure and strengthen in the

years ahead. How should our relationship with the region be modified to reflect future global interests?

Mr. Speaker, there also has been significant progress in the area of economic renewal in Latin America and the Caribbean, which provides the foundation for sustainable growth and development. Many countries in this region are making considerable progress in implementing market-oriented economic reforms -- privatization, deregulation, emphasis on export-oriented production -- and are integrating into regional and global markets. Investor confidence is improving. As a result, this is a region that is expanding economically, and in which Canada has an increasingly important trade and investment stake that can contribute to economic recovery and renewal in Canada. We must seize these opportunities in the most effective manner possible.

The North American Free Trade Agreement [NAFTA] among Canada, the United States and Mexico foreshadows the fuller partnerships that can be constructed throughout the region. I have just returned from Chile: one example of a country already seeking accession to the NAFTA. Other Latin American countries are expected to follow. However, in the foreseeable future, not all countries will be in a position to meet the requirements for joining. I am interested in how our government might deal with this reality because I believe that Canadians want to encourage the social and economic progress of all developing nations, regardless of their current stage of development. Economic and social inequities in nations and within regions are known to be causes of instability.

Canada's Official Development Assistance plays an important role in our partnerships throughout Latin America and the Caribbean. In this instance, there are certain similarities to our relationship to Africa. By supporting the economic reform process and encouraging governments to do more now to mitigate the associated social costs, Canada's aid program has:

- promoted sustainable development, particularly in the management of natural resources;
- contributed to a reduction in poverty; and
- promoted respect for human rights, democratic development and good economic governance.

Mr. Speaker, I know, from first-hand experience with grassroots projects throughout Central America, the good that can result from human-scale community development initiatives supported by Canadians. Our larger-scale official programs of development assistance have also had positive impact in vital areas ranging from food production to human rights, from the development of clean water sources to economic reform, and thus have contributed

to encouraging the economic and social improvements that are taking place.

Mr. Speaker, since joining the Organization of American States [OAS] in 1989, Canada has been an active supporter of the OAS in promoting democracy and constitutional rule, judicial reform and the protection of human rights. These challenges have resulted in opportunities to reinforce human development throughout the region. I believe that Canada should continue to support regional initiatives that encourage respect for human rights, environmental protection and trade opportunities. In the process, we must also work to ensure that the poorer nations are not marginalized. Marginalization of the less affluent countries can result in instability, mass population shifts from poorer to richer states, and threaten the process of newly emerging economies. These situations have global effects, and it is therefore worth working toward their prevention.

Most recently, we have accepted the challenge of hemispheric partnership with regard to Haiti. As one of the "four friends" comprising Canada, the United States, France and Venezuela, we will play a major role in OAS and UN efforts to restore democratic, constitutional rule in Haiti, to support the return of President Jena Bertrand Aristide, and to protect human rights.

Cuba poses another challenge. The Cuban economy has undergone serious deterioration; economic reforms have been limited, as have human rights improvements. However, I believe we cannot afford to marginalize any country of this hemisphere. Careful evaluation is necessary to encourage the full reintegration of Cuba into the hemispheric family, a process that will require significant change.

Mr. Speaker, I would like to refer to the recent conflict in the state of Chiapas in Mexico. We have noted favourably the appointments of Manuel Camacho, the former foreign minister, as the conciliator for Chiapas, and Dr. Jorge Carpizo, the former president of the Mexican human rights commission, as the new interior minister. The cease-fire, the amnesty, the involvement in Chiapas of Mexico's national human rights commission, and the tentative agreement reached between the Government and the rebels are positive developments. We look forward to further steps to a political solution, involving alleviation of the fundamental causes of these problems in Chiapas.

Mr. Speaker, Canada's relationship with the countries of Latin America and the Caribbean cannot be classified in general terms, as each country of the region is so vastly different. For those in the initial stages of development, simply providing education and poverty alleviation is not enough. We must also assist them in developing fairer trading relationships with their trading partners throughout the world. This is complicated by the

reality that the countries of Latin America and the Caribbean are in different stages of development; therefore, we cannot assume that all countries will require the same formula.

Latin America is on the brink of having a more significant impact in international policy areas, and it now has a chance to pursue its vision of becoming an important international player. The challenge for Canada will be in the flexibility of our approach, and the way in which we accept the benefits that are offered through the maintenance and continuance of our relationship with both Latin America and the Caribbean.

In closing, it is Canadians' vision of the future that the Liberal government is trying to capture in this review process. The result of the process should permit policies that not only respond to the domestic needs of Canadians, but also project the international image that Canadians want their government and government initiatives to pursue. In all of this, we are working toward a better future, a future with considerably less poverty, effective sustainable development, and social and political equity, not only for ourselves but for people throughout the world, for our partners in Latin America, the Caribbean and Africa. I hope that you will assist us in achieving that goal.

Thank you.



STATEMENT

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AN ADDRESS BY

THE HONOURABLE ROY MACLAREN,

MINISTER FOR INTERNATIONAL TRADE,

TO THE

PARLIAMENTARY DEBATE

ON CANADA'S FOREIGN POLICY REVIEW

OTTAWA, Ontario
March 15, 1994

Mr. Speaker, I am pleased to participate in today's discussion of Canada's foreign policy initiated by my colleague, the Minister of Foreign Affairs. I want to share with honourable members today some thoughts on the role of trade in Canadian foreign policy, sketch possible policy directions, and encourage discussion on how we can best proceed.

I am also pleased to co-sponsor the Foreign Policy Forum, to be held a week from now, to seek the views of a broad range of Canadians on public policy. I also look forward to the subsequent work that will be undertaken by the Parliamentary Committee.

The importance of trade to Canadian foreign policy has long been a central principle of our vision of international relations. When former Prime Minister Lester Pearson delivered his 1957 Nobel Peace Prize address, he entitled it "The Four Faces of Peace." His first face of peace -- and the one of which he spoke most eloquently -- was international trade. "The higher man sets his economic goals in this age of mass democracy," Pearson argued, "the more essential it is to political stability and peace that we trade as freely as possible." By promoting freer trade among nations, we would help to build international partnerships of mutual advantage and support. And by constructing an international system of binding rights and obligations we would help to ensure that the rule of law prevails over the rule of unrestrained power.

Almost forty years later this message has an even greater resonance. The globalization of production, the growth of knowledge-based industries, and the shift in wealth and power to the Asia-Pacific region all point to the rise of a new international economic order.

Increasingly, it is more accurate to speak not of trade policy as such, but of international economic policy. Jurisdictions and policy areas that have long been considered to be quintessentially domestic are now increasingly subject to international negotiation and rule-making. Both the Government and the private sector must now deal not only with tariffs and export subsidy practices, but also with investment policy, intellectual property, competition policy and R&D [research and development]. Even social programs, previously the sole preserve of national governments, are coming under the trade negotiator's microscope or, at the very least, are being reshaped in response to the inexorable pressures of the international marketplace.

It is also commonly accepted that attempts on the part of national governments to shield themselves from these changes are not only illusory but fraught with danger.

Admittedly, this has not stopped certain governments from attempting to do just that. In the United States, a current political preoccupation in some quarters is Japan, which enjoys a

sizable trade surplus, despite -- or perhaps because of -- its current recession. Behind such cryptic phrases as "freer trade" and "levelling the playing field" often lurk notions of replacing open, rules-based competition with managed trade, restrictive quotas, and regulated trade balances.

Likewise, in Europe there is some support for the idea of a closed, self-reliant bloc. Regional liberalization and policy harmonization are certainly laudable goals when aimed at deepening Europe's commitment to freer trade. However, these objectives become rather less admirable when one additional goal is to shut out global competition, especially from low-cost producers in Asia and Latin America.

Fortunately or unfortunately, there is no turning back the clock on globalization. Like the industrial revolution of the previous century, the kind of changes produced by rapid technological change and by the liberalized trading system have permanently altered the economic landscape. As we saw with the former Communist bloc, efforts to shut out these forces eventually collapsed, with the collapse of the Berlin Wall itself, largely because these countries were being left behind in an accelerating, footloose technological race. Countries must either move rapidly to adapt to change, or watch their productive capacities deteriorate and their living standards erode.

The central lesson of globalization for Canada is that we can only achieve economic growth through an open, outward-looking trade policy. In the current domestic economic climate -- characterized by accumulating private- and public-sector debts, high rates of taxation and anemic consumption -- there is no wellspring of demand waiting to be unleashed by the right macroeconomic "fix." Any meaningful domestic growth strategy must, almost by definition, be export-led.

Only by targeting new and additional markets, by assisting our firms to be competitive in those markets, and by creating an open, outward-oriented economic base for both domestic and foreign businesses, will this government have any realistic hope of securing long-term growth and job creation.

At the same time, we must focus not just on *how much* Canada exports but on *what* Canada exports. The type of markets we pursue, the delivery systems we provide and, perhaps most important, the productive climate we foster at home will in many ways shape the kind of Canadian economy that evolves in the years ahead.

We must also recognize that in a world of rapid and complex change, where international institutions are struggling to keep up, where other countries are employing a wide range of instruments to gain advantage in the global marketplace, and where Canada is but a "middle power," we need to be more focussed, more single-minded in the pursuit of our policy objectives.

It has been suggested that "political diplomacy" is giving way to "economic diplomacy." If Canada is to remain a significant player in an international arena characterized primarily by the interplay of economic forces, we must define a more strategic, less universal niche in the affairs of the international community. More than ever, trade policy is about positioning Canada in the global economy so that we attract the high-value-added, high-technology industries and jobs of the future.

The key to developing an effective trade strategy for Canada is to begin to identify more precisely our national priorities, both regionally and sectorally, based on a much clearer assessment of where our economic interests lie. In practical terms, this means working directly with our export sectors to determine key market priorities. And it means using all of the policy tools at our disposal -- multilateral, regional and bilateral -- to achieve clearly set out objectives. In an ideal world, trade liberalization would occur multilaterally on the broadest possible range of fronts. Unfortunately, we are dealing with an imperfect, changing world. We must be prepared to wield a whole array of trade policy instruments to reach our market access goals.

Mr. Speaker, I want to set forth what should be our three objectives in the near future. First, we must begin to define our regional priorities. Europe is still a central market for many Canadian exports and an important source of investment capital; we shall continue to pay close attention to the transatlantic market. For its part, the U.S. market -- and the successful management of our trade relations with our neighbour -- is fundamental to Canada's economic prosperity. But we must also recognize that the highest growth rates and most exciting new market opportunities are in Latin America, and most especially westward across the Pacific to Asia. Moreover, it is in many of these emerging markets that Canadian exports will enjoy a strong comparative advantage and major growth opportunities in the years ahead -- stronger than we enjoy in the markets of Europe, or even in the United States.

How can we secure further access to traditional markets while actively expanding our economic links with high-growth markets overseas? The central focus remains the multilateral trade framework, which provides the foundation, so to speak, upon which our trade policy is constructed. For this reason, we are committed to promoting an early start to the work of the new World Trade Organization (WTO).

Called into being by the recent Uruguay Round of the GATT [General Agreement on Tariffs and Trade], the WTO is largely a Canadian proposal that completes the post-war trade and payments system in the best traditions of Canadian foreign policy. We shall actively encourage the international community to elaborate a forward-looking work program that reflects Canadian interests as well as the new trade issues -- especially trade and the environment and the possibility of replacing anti-dumping regimes

with competition policy -- that have arisen through greater global integration. We shall also actively encourage means by which the new WTO, the World Bank and the IMF [International Monetary Fund] can co-ordinate their efforts to reach mutually reinforcing objectives. And we shall actively encourage the prompt accession of China, Taiwan and Russia to the new WTO, with all its rights and obligations.

An active, dynamic World Trade Organization will assist us in managing our economic relations with the United States and Europe, while preparing the groundwork for negotiating better access for Canadian exports to all major markets.

The fact remains that Canada's most critical economic relationship is with the United States -- which is the destination of over 70 percent of our exports -- and indeed with North America as a whole. To manage this relationship, Canada has a more comprehensive rules-based framework in the recently proclaimed North American Free Trade Agreement (NAFTA). This government's commitment to strengthening this framework is underscored by our successful efforts to establish NAFTA working groups that will strive to reform practices related to the inappropriate use of anti-dumping and countervailing duties.

Yet the NAFTA can provide a complementary tool for expanding opportunities for Canadian exports only if it remains fundamentally open to the world economy. What we do not want to see is a NAFTA that turns inward on itself, devolving into a form of continentalist, protectionist bloc. For this reason, we must focus our attention on the accession issue and underscore its importance as a means of strengthening trade and investment relations, not only within our hemisphere but across the Pacific for those Asian countries ready for a comprehensive economic partnership.

We want to see the NAFTA used dynamically to attract high-quality, committed partners -- partners that are prepared to open their markets and to play by the NAFTA rules; partners that take a constructive approach to international rule-making and that can provide further balance in a trading arrangement where the United States remains the largest producer, trader and investor.

Chile clearly is a case in point. Chile would be an excellent addition. Canada would welcome Chilean accession to the NAFTA. We are engaged with Mexico and the United States in identifying the criteria for extending the NAFTA to certain other Western Hemisphere countries.

The new WTO and the NAFTA are not the only tools available to Canada to expand our trade relations beyond North America. Another approach could be to explore the prospects for negotiating a range of bilateral trade arrangements with selected high-growth economies overseas. Such a policy would in no way compromise our existing and vital relationship with the United States -- the goal is not to increase Canada's sovereignty

through a rekindled "third option." Such sovereignty, even if it were economically desirable, is to some extent illusory in an increasingly interdependent world. On the contrary, Canada's role in the FTA [Free Trade Agreement] and now the NAFTA should be translated into a competitive advantage -- by encouraging greater economies of scale, by facilitating mutually beneficial sourcing and networks, and by helping Canadians to build globally competitive industries. It is essential that we view our North American base not as a buffer against international competition, but as a springboard into a rapidly expanding global economy.

Trade agreements open doors. Our trade development activities help companies walk through them. In fact, in the emerging economies of the Asia-Pacific region or Latin America, the goal of establishing an institutional foothold in these markets and constructing strong business linkages or alliances is at least as important as formal trade agreements.

Thus, as the second part of our trade strategy, we must also devise ways to target government programs and resources more effectively to assist Canadian companies to reach into key markets.

Of particular concern to this government is the role of small and medium-sized enterprises, which have the potential to be the growth engines of the future, but often lack the critical mass, the financial resources, or the technical expertise to penetrate foreign markets. Building stronger linkages with the private sector, improving the delivery of market information, better co-ordinating government programs, and further leveraging domestic financial resources -- all of these issues are now on the table.

Upon entering office, we have found instances of duplication, overlap and confused mandates that can undermine efforts of our exporters to compete. We intend to correct such shortcomings and build a single, integrated program that addresses issues such as the timeliness and dissemination of market intelligence, the need to reform the mechanisms now in place that provide export financing, and the promotion of mutually beneficial science and technology co-operation between Canadian and foreign companies. We have to find ways of doing things better, both because good fiscal accountability demands it, and because budgetary realities oblige all of us to act responsibly as well as creatively.

Moreover, we intend to develop this program through a much closer and more active partnership with the provincial governments and the private sector. This process, and the foreign policy consultations now launched, will assist us in identifying the appropriate tools and in strengthening program delivery. During the course of 1994, I shall announce the concrete results emerging from the consultations in which we are now engaged.

By adopting a more market-driven approach to trade development -- one that sees government as an export facilitator rather than an

export leader -- we can use market signals to help set our real trade priorities.

Lastly, we must foster a domestic economic environment conducive to export-led growth. It has become commonplace to observe that the boundary between national issues and international issues is becoming blurred. In the same way, the distinction between domestic policy instruments and trade policy instruments is in many instances meaningless. Regulatory and tax policies that unnecessarily inhibit export sectors must be revisited; regimes and restrictions that block constructive international investment must also be re-examined. As the world economy becomes increasingly open, Canada will inevitably be exposed to greater and more fluid investment flows. We need to ensure that Canada can attract the kind of high-quality foreign investment that will allow us to take advantage of technology transfers, to source from global markets, and to remain at the hub of international linkages and alliances.

The basic objective of trade policy is to further Canada's national economic interests at a time when these interests are perhaps more constant than the increasingly complex world with which we grapple. We can do a better job of ensuring that these interests are translated into bold policy objectives and clear priorities.

We can ensure that all of Canada's foreign policy tools are co-ordinated to further our interests abroad, while respecting the fact that these interests will always be varied. And we can vigorously defend the market access achieved through negotiations and realized in practice through the efforts of our export community, not hesitating to use the dispute-settlement provisions found in our international trade agreements to defend the interests of all Canadians.

Mr. Speaker, today's debate marks, early in our mandate, a period of reflection and discussion about the direction of Canada's foreign policy in a radically new and more competitive world in which trade and economic issues will be at centre stage as never before. I am convinced that, by working through the issues together, we and all Canadians will emerge with a clearer sense of purpose and direction abroad that can only benefit the prosperity of all regions of Canada.

Thank you.



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STATEMENT

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AS DELIVERED

AN ADDRESS BY
BY THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE
PARLIAMENTARY DEBATE
ON CANADA'S FOREIGN POLICY REVIEW



OTTAWA, Ontario
March 15, 1994

Madam Speaker, as my colleagues the Minister of Foreign Affairs, the Minister for International Trade, the Minister of Defence and my fellow Secretary of State have all mentioned, the Government believes it is time for a foreign policy review, for a review of Canada's international interests, and in our domestic capabilities and constraints in pursuit of our interests. I have listened carefully to each of their remarks and would like to add my views on Canadian foreign policy and more specifically, on how it relates to my portfolio as Secretary of State (Asia-Pacific).

First of all, my role as Secretary of State (Asia-Pacific) is to advise Minister [André] Ouellet on Asia-Pacific matters. My responsibilities therefore cover both geographic and sectoral issues, such as political economic matters and social development assistance.

Canadians recognize the need for job creation in Canada as well as the restoration of faith of Canadians in our economy. These two goals can be achieved to a large degree through an export-led recovery. Presently, about one quarter of Canadian jobs are directly related to exports. The Asian markets for pulp and paper, telecommunications and transport equipment, construction materials, agri-foods and petrochemicals present tremendous potential for economic growth in Canada. At the same time they meet the needs of many developing nations. Furthermore, the Asia-Pacific region not only provides markets for our exports, but it is also an important source for the technology, investment capital and skills with which we can enhance Canadian competitiveness.

Growth rates in much of the Asia-Pacific region during the 1980s were more than twice as high as the rest of the world. Asia's share of world income could rise from 24 percent in 1989 to 35 percent by 2010, and to over 50 percent by 2040. Canadian business must prepare to capitalize on the opportunities presented. If we fail to do so, then we as a nation risk the erosion of those institutions that have made Canada the envy of the world. Our success will depend upon our ability to achieve greater access to these markets and to develop initiatives that will result in the provision of the greatest possible competitive advantage to Canadian exporters.

As part of this effort, bilateral and multilateral economic and trade arrangements with countries in the Asia-Pacific region will need to be examined in the light of the major economic changes taking place. We must also recognize that an increasingly important element in Canada's trade and economic relations with the Asia-Pacific region will be the development of new institutions such as the Asia-Pacific Economic Co-operation [APEC] forum.

Within APEC are included five of Canada's top ten export markets. As you can see, an active Canadian role within APEC is vital to our interests. I was pleased that my first official function as

Secretary of State for Asia-Pacific was to attend the APEC summit in November in Seattle with the Prime Minister and the Minister for International Trade. APEC, like the region's explosive growth, is a relatively recent phenomenon. Since its creation five years ago, it has become the region's main forum for discussions on regional growth, economic interdependence, strengthening the multilateral trading system and reducing barriers to trade in goods, services and investment. It has also become a major vehicle for co-operation on sectoral issues, such as environmental problems.

During my first overseas trip in January to Hong Kong, south China, Thailand and Japan, I was able to discuss many of these issues in more detail. These are the fastest-growing and among the most important markets for Canada. As I have already mentioned, their needs correspond with many of our skills and expertise.

We need to devise ways to target government programs and resources effectively, to assist Canadian companies to be even more successful international players. Of particular concern to this government is the role of small and medium-sized businesses. They have the potential to be the growth engines of the future but often lack the critical mass, the financial resources or the technical expertise to penetrate foreign markets.

The Government must help to facilitate Canadian businesses to access the market in the Asia-Pacific region. We do have some excellent examples of practical initiatives business and government are undertaking together. The Canadian Chamber of Commerce in Hong Kong is planning Canada-Hong Kong Trade and Investment Week. This event is appropriately being titled Profiting from Partnership, and will take place both in Hong Kong and Guangzhou in early May. This initiative, which has the full backing of government and industry, has been designed to create networks between business people in Canada, Hong Kong and China. Moreover, it will educate Canadians about business opportunities in Asia.

As the Minister for International Trade outlined recently, in co-operation with the Minister of Industry, he has instituted a full review of this matter. The aim is to ensure that our small and medium-sized firms have access to the tools and the environment needed to compete. Export and venture financing, delivery of market information, co-ordination of government programs and the pooling of private-sector resources -- all of these issues are now on the table. By adopting a more market-driven approach to trade development -- one that sees government as an export facilitator rather than an export leader -- we can use market signals to help set our real trade priorities. We need to develop a national strategy to tap into the Asia-Pacific

market. In order to develop the proper strategy we need to hear from Parliamentarians and Canadians.

However, Foreign Affairs must not only be concerned with international trade issues, but also with political, social and economic matters. During the election campaign the Prime Minister clearly enunciated his vision of creating a stronger more independent role for Canada on the international scene. The Prime Minister stated his belief in a government that reinforced Canada's reputation for tolerance and openness, one with a common-sense approach to ensure our values are reflected in all aspects of our foreign policy. The Minister of Foreign Affairs is working hard to make that vision a reality. I am very pleased to have the chance to assist him in this regard.

One important aspect of the relationship Canada has with many of the nations of the Asia-Pacific region is in the area of development. It was not too long ago that the relationship between trade, aid and development was viewed by many as non-existent. Yet, there are many facets to Canada's development program. First, assisting societies in meeting their citizen's basic human needs has been a pillar of Canada's international involvement. However, development assistance is much more than that. The environment, building peace and security, good governance, the promotion of human rights, and racial and gender equality are also development issues.

Development assistance has been particularly effective in fostering the development of the countries of the Asia-Pacific region. In light of the progress achieved, Canadian development priorities have shifted from isolated project planning to broader policy interventions, intended to involve Canadians in co-operation for sustainable development in the region.

The Canadian International Development Agency's strategy for the Asia-Pacific region has five broad priorities: strengthening the institutional capacity in support of sustainable development; co-operating in resolving national, regional and global environmental problems; promoting co-operation between the private sectors in Canada and the Asia-Pacific region; fostering institutional linkages and networks; and encouraging respect for human rights and promoting good governance.

As these five priorities clearly demonstrate, the social, economic and political aspects of foreign policy are related and we as a nation will only benefit from an integrated approach. Just last week, I saw these five priorities in action during my visit to Bangladesh and Cambodia. Then again, when I led the Canadian delegation to the ICORC meeting in Tokyo. ICORC stands for the International Committee on the Reconstruction of Cambodia. My main interests were to promote our bilateral relationships with Bangladesh and Cambodia, and to observe first-

hand the effects of Canadian aid programs. I was deeply impressed by the commitment of Canada's efforts to date. Bangladesh is our biggest aid recipient, and despite serious, ongoing problems caused by overpopulation and environmental stress, Bangladesh has achieved important progress in a number of areas including family planning, food self-sufficiency and an economic growth rate of four percent in 1993. Bangladesh is also becoming less aid-dependent, with donors now required to fund just over 70 percent of its development budget, compared with 100 percent some years ago.

Our commitment to Cambodia is also of several years duration. We were signatories to the Paris Peace Accord of 1991, and contributed substantially to the UN Transitional Administration Committee that ushered in the new government last year. Now that Cambodia has a democratically elected government after years of war, we are assisting in such crucial areas as de-mining, technical assistance, and poverty alleviation in rural areas. It is hard to think of a more compelling environmental problem than de-mining. Canada's leading role in helping to solve this problem has been recognized by the international community. The highlight of my trip was meeting the 13 Canadians who are training Cambodian soldiers to complete this most difficult task. As Canadian Lieutenant-Colonel Focsaneanu explained to me, the Cambodian people cannot return to the fields to work the land until those fields are safe. De-mining is the most important part in helping Cambodia to develop.

Canada's political relations with the Asia-Pacific region are complex and challenging. Since the end of the Cold War, the region has evolved into an area of greater stability, productivity and justice. Nevertheless, serious causes for concern remain and other potential sources of dispute and conflict also exist. Despite outstanding overall growth, disparities continue to remain. While east and southeast Asia are outpacing the rest of the world, the majority of the world's poor are still in the Asia-Pacific region. These uncertainties present major challenges in any review of Canada's political and security relations with the region.

Perhaps the most encouraging development in recent years in the Asia-Pacific region is the growing willingness to address security issues and potential problems multilaterally, using institutions such as the ASEAN [Association of Southeast Asian Nations] Ministerial Consultative process, in which Canada is a "dialogue partner." But the process of multilateral consultation among regional governments is still in the early stages and much more work needs to be done before the region will develop practical mechanisms for resolving conflict and disagreement.

In the interim, informal methods of consultation have developed involving academics, businessmen, and officials acting in their

unofficial capacities. Canadians have been playing leading roles in these activities, notably in creating the North Pacific Co-operative Security Dialogue in 1990. Through funding provided by CIDA, Canada has also been instrumental in fostering consultations on specific areas of potential conflict, such as the workshops on the South China Sea. In the Asia-Pacific region, as elsewhere, co-operative security means more than just reducing armaments and creating barriers to military ambitions. There can be no real security if hunger, poverty, social injustice and environmental degradation continue. Our foreign policy has to be based on a comprehensive approach that involves trade developments and the institutionalization of good, open governments.

Recently, the debate over social injustice in Asia-Pacific has acquired new dimensions. There are those who have argued that democratic development must necessarily take a back seat to economic development. However, I am one who maintains that in many instances, the two are not mutually exclusive. Certainly there is evidence that increased political flexibility is a by-product of economic liberalization, and governments that have opened their markets to international trade are more sensitive to the views and reactions of other countries. An inward-looking society that depends little on trade and international investment is less likely to respond to concerns raised by foreigners. Trade reduces isolationism. Trade also expands the scope of international law and generates the economic growth required to sustain social change and development. Economic liberalization also leads to a pluralization of interest groups in society. Nevertheless, all societies must resolve the tension between individual and collective rights and we must all be vigilant to ensure that fundamental human rights are protected.

In this regard, it is imperative that we as a government continue to raise the matter of human rights with those countries we believe to be in violation thereof, at every opportunity. While we respect time-honoured traditions and cultures, our position has always been that the best guarantee for stability and prosperity is a government that is responsive to its people.

The topics I have touched on today may serve as a preliminary indication of the kinds of issues that will need to be addressed as we consider Canada's relations with the Asia-Pacific region during the review of Canada's foreign policy. We are seeking views and guidance from Canadians in all walks of life to help provide direction in the development of new policies and initiatives for the Asia-Pacific region.

While establishing strong and effective economic and trade relationships with our Asia-Pacific partners is a primary focus, we shall continue to promote respect for human rights, the development of truly democratic political institutions, and the

objectives of sustainable development in our relations with the region. Establishing strong and effective economic and trade relationships with the region are important goals for Canada. As I hope I have outlined, we have much more to offer each other than just commercial opportunities.

As part of the foreign policy review process, I look forward to discussing with Canadians their views on expanding our engagement with the countries of the Asia-Pacific region across the entire spectrum of political, social, environmental and economic relations. As a country bordering both the Atlantic and Pacific oceans, Canada has the opportunity to expand in both directions. I believe the time is right for us to realize our full potential as a partner in the dynamic developments taking place in the Asia-Pacific region, and I look forward to hearing the views of Canadians on how to best achieve this goal.

In the Asia-Pacific region, Canada is faced with a number of very important issues. We must continue to establish beneficial trading relationships and we must also work hard to promote our bilateral as well as multilateral linkages. We must continue to support economic and social development in the region, while being mindful of its cultural diversities, and we must capitalize on our natural "human" advantages to realize this tremendous potential.

Thank you.



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STATEMENT

94/12

CHECK AGAINST DELIVERY

AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF THE PRESENTATION OF GRANTS
TO THE MONTREAL SYMPHONY ORCHESTRA
AND TO THE GRANDS BALLETS CANADIENS

MONTREAL, Quebec
March 25, 1994



Canada

Ladies and Gentlemen:

It is my pleasure to announce today the presentation of two grants, one to the Montréal Symphony Orchestra for \$300 000, and the other to the Grands Ballets Canadiens for \$275 000.

The investment being made by my department in your planned tours abroad is a tribute both to your artistic prowess and to your international renown.

It also expresses the appreciation of the Government of Canada toward you as special partners in the affirmation of Canada's distinctive cultural presence amidst the tremendous changes taking place in the world.

By this gesture of confidence, I invite the various private-sector partners to get involved in this remarkable expression of creativity and thereby shine forth with you on the international markets.

Please allow me to cite two relevant passages from the Red Book policy statement that clearly reflect our attachment to the promotion of Canadian culture abroad:

Culture is the very essence of national identity, the bedrock of national sovereignty and national pride. At a time when globalization and the information and communications revolution are erasing national borders, Canada needs more than ever to commit itself to cultural development.

The same Red Book that has inspired our action states the following:

Finding jobs, protecting the environment, enhancing national unity, providing political security, and enriching the cultural identity of Canadians are all goals inextricably linked to how Canada acts in the global arena.

I intend to apply this policy statement in the framework of my ministerial responsibilities; it is the focal point of my attention in the foreign policy review that we have just gotten under way.

I also intend to weave into the fabric of this review the various threads of the cultural sector, because of its specific contribution to our country's future.

International cultural affairs encompass my department's activities and those of its partners who support this sector of our national life, a sector that is unique in every way. The

performers, creators and entrepreneurs who work in cultural affairs are in the main individualists. However, they lend depth, colour and diversity to our identity as it evolves.

When people attend your performances, they are both inspired and brought face-to-face with what they are. More than simply celebrating beauty, you are challenging us to escape the daily routine and take a look at what we are and where we are going.

Your unique contribution, expressed on the stages of the world's major cities, exemplifies the objectives of Canada's international cultural involvement.

In general, through international cultural affairs we seek to achieve the following:

- make Canada a leader in the new world economy by projecting the image of a country that is unique, creative, innovative and hence competitive;
- protect our cultural sovereignty;
- undergird the Canadian identity by exhibiting its most creative aspects on the international scene; and
- promote the growth and vitality of the culture and education sectors, and thereby help create jobs.

The cultural sector contributes significantly to job creation in Canada.

It accounts for nearly 3 percent of the gross domestic product and more than 425 000 jobs; the number of people working in it has increased by 122 percent over the past 10 years, a growth rate twice that of Canada's labour force as a whole.

Canada's domestic cultural market is small and regionally based. Your presence on the main international markets not only helps you to develop artistically, but it also has become essential to maintaining employment in Canada.

Thank you.



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**NOTES FOR AN ADDRESS
BY THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADIAN BUSINESS COMMUNITY
IN BEIJING**

**BEIJING, China
March 29, 1994**



I am deeply honoured to be here in Beijing today, to join in the effort to develop closer economic ties between Canada and the People's Republic of China [PRC].

For those Canadian business people in the audience who have invested time, energy and money in seeking opportunities in this great country, let me assure you that the Canadian government is right behind you.

Improving economic and trade relations between Canada and China is one of the central goals of the Government's trade strategy.

We recognize the tremendous growth that is taking place here. We recognize that Canada has a great deal to offer to help foster that growth, in terms of goods, services and investment. And we recognize that as a government, it is our duty to strengthen the bilateral relationship so that you can operate in a more secure and positive environment.

In our approach to China, we bear in mind that we are dealing with the oldest continuous civilization in the world. It is a country whose history has made it suspicious of foreign intervention. It is a country that has experienced the chaos of unbridled centrifugal forces and that is trying to fashion modern national institutions for its economy. Those are facts we must accept and deal with.

In short, we must recognize our differences, and in an atmosphere of mutual respect, see where and how we can co-operate to our mutual advantage. We must recognize both the obstacles and the opportunities that shape the dynamics of Canadian-Chinese relations.

At first blush, Canada's exports to China have shown only marginal growth over the past 10 years. In 1984, Canadian exports to China were C\$1.2 billion. Last year, exports were at \$1.5 billion, down from 1992 by about 30 percent, primarily due to a dramatic drop in our deliveries of wheat, which is still the single most important commodity Canada sells to China.

Taking a closer look at the statistics, however, one will see that over the same 10-year period, non-cereal exports to China doubled, in 1993 reaching C\$1.1 billion.

While China's requirement for Canadian grain may continue to fluctuate based on crop outcomes in both Canada and China, the stable and gradual development of Canada's value-added, knowledge-based and high-technology exports to China holds much promise for growth.

The delegation I have brought with me includes representatives from 30 companies determined to succeed in China. They illustrate the broad spectrum of Canadian capabilities in a number of sectors that are high priorities for China, including

energy, transportation, telecommunications and the environment. These Canadian businesses sell to, buy from and invest in China. I believe these companies, and the industries they represent, have a fighting chance to expand the scope of Canadian-Chinese economic relations.

The Canada-China Business Council, represented here by my friend and colleague Senator Jack Austin, is another avenue for Canadian business to team up with others who have already invented the wheel.

When I say "team," I mean it in a very literal sense as the challenges and opportunities in China can best be met by combining our resources in a focussed effort. One of my mission members is CAPSEP, which represents the Canadian power sector. This sector has been particularly successful in China because of its willingness to work together to literally move the mountains of earth required to build some of the greatest hydro developments in the world. This includes the Geheyan project, which was completed with Canadian expertise.

For Canada, there are a number of obstacles to the Chinese market that we have encountered and have yet to resolve.

Canada is an "old friend" in China. We have afforded China MFN [most-favoured nation] status for two decades, no strings attached other than the obligations that are inherent with MFN: to give Canadian business treatment at least equal to the best treatment China affords her other trading partners. This is why Canada's insurance industry is waiting in line to operate in China, resuming a century-old relationship with this country.

Last year, China's exports to Canada grew by 25 percent, reaching a record \$3 billion. This is due to the fact that the Canadian market is one of the most open in the world. Tariff rates are low, particularly for China which benefits more from our general preferred tariffs (GPT) than any other country. Our business practices are open and transparent, and Canadians are more than willing to buy quality products at the reasonable prices that China offers.

Canada is among the most enthusiastic supporters of China's re-entry to GATT [General Agreement on Tariffs and Trade]. This is why we are working with China as it brings down its import duties, opens its bidding practices and makes its licensing and approval regimes more transparent.

These are big challenges, as I think many of you know. However, I would like to make the point that the Government of Canada, a government that opened the door to the People's Republic of China a quarter century ago, will forcefully pursue Canadian business interests and in the frank and open manner becoming an old

friend, will raise such issues in a co-operative spirit at every opportunity.

I am very impressed with what I have seen here in Beijing and look forward to my visit to Shanghai. Perhaps more than anywhere else in the world today, the Chinese people are known the world over for hard work, perseverance and a strong sense of dignity that will always prevail over adversity in any realm of endeavour.

The success of China's economic growth, the increasing prosperity of the Chinese people, and the tremendous market opportunities that this presents for Canadians, are worth paying close attention to.

I can see from the activities of many of the Canadian firms with me on my mission that these opportunities are producing some tangible results.

For example, General Electric Canada has signed a major contract for hydro power generating equipment for the Ertan power station. Kvaerner Hymac will conclude a contract for the Jincheng pulp and paper project and establish a joint-venture manufacturing and service facility in China. And to assist even closer ties between our two countries, Canadian Airlines International will resume scheduled service to China next month, with direct Vancouver-Beijing service.

These are but three examples of the many real opportunities that have resulted in tangible benefits for Canadian companies who have made a sustained commitment to the China market. There are many other success stories here today, and I congratulate Canada's business community for its persistence and well-earned rewards here in China.

Canadians have tried hard to position ourselves in the China market, but admittedly we may not have tried hard enough. My government is prepared to commit increased resources to support the Canadian business community in China.

I would like to advise you that my government has decided to raise the ceiling of funds available to the Export Development Corporation (EDC) to provide competitive financing for Canadian export transactions.

Canada is committed to guidelines established with our OECD [Organization for Economic Co-operation and Development] partners for the allocation of concessional financing. Within this framework, I would also like to advise you today of a recent decision by my government to provide additional concessional financing for China. Criteria for this line of credit will be worked out over the coming weeks, and I believe that this will

provide a useful tool to many Canadian companies seeking to develop specific market sectors in China.

Finally, due to the rapid growth in demand for the services of Canadian trade commissioners in China by the Canadian business community, I have decided to increase the level of our staff at the Canadian Consulate General in Shanghai. As well, we will establish a commercial office in Guangzhou.

My trip here this week is just the beginning of an intensive year in the Canada-China relationship. Next month our governor general and our minister of agriculture will be here. Our foreign minister will come in July. And our prime minister will come to crown the year on a major mission in November, at the time of the Canada-China Business Council's annual meeting. One of China's vice-premiers, Zou Jiahua, will be in Canada next month, and we expect to have received 10 or more Chinese ministers by the end of the year. It will be a great year in which we will achieve much, restoring the Canada-China relationship to its proper high-priority place in our foreign and trade policies.

I would like to raise my glass and propose a toast to President Jiang Zemin, the people of China and Canada, and the health and prosperity of all my friends here today.



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STATEMENT

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AS DELIVERED

AN ADDRESS
BY THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADIAN BUSINESS CLUB
IN SEOUL



SEOUL, Korea
April 4, 1994

Canada

I would like to thank Denis Shiflett, your Vice-Chairman, and the rest of the Canadian Business Club for the invitation to speak here today. I am nearing the end of what has been a most interesting and productive visit to Korea.

I understand that this is the first trade minister's visit between Canada and Korea in over two years. There has, therefore, been a sizable amount of business to take care of.

First, I have resumed the pattern of annual trade consultations by meeting with Trade Minister Kim Chulsu; second, I have raised several long-standing issues of market access, particularly in the agricultural sector; third, I have held meetings with Korean business leaders to encourage further two-way arrangements; fourth, I visited the CANDU reactor site at Wolsung—the largest project anywhere in the world featuring Canadian technology; and fifth, I endeavoured to support the efforts of accompanying businessmen to reinvigorate the bilateral Business Council.

However, the main objective of my mission was to advance the concept of a "special partnership" with Korea. This concept had been agreed upon by President Kim Young Sam and Prime Minister Jean Chrétien in Seattle last November. It was followed up in talks with Foreign Minister Han Sun-Joo in Ottawa in February.

Last Friday, I reached an agreement with Minister Kim to establish a Working Group to investigate options for the elaboration of this special partnership. The group's interim report is to be ready in July; the final report will be submitted to ministers in November when we meet at the APEC [Asia-Pacific Economic Co-operation forum] meeting in Indonesia.

The mandate of this group is at once simple and ambitious. It is "to explore various bilateral and multilateral options to promote a more dynamic economic and trading relationship." You may ask: "Why a special relationship with Korea?" Indeed, some Canadians have already asked that question, as have some Koreans.

There are many reasons, in my view. They are based on the good sense it makes for Canada to make a major strategic investment in this relationship. Let's examine the matter in greater detail—why indeed a special partnership with Korea?

First, Korea has enormous potential and promise. There is the undeniable drive and character of its people. There is the growing international presence of its companies. There is the position of Korea as a future entry point into the continental tri-border area (China, Russia, Korea). There is the inevitability of eventual reunification, and the creation of a major middle power as a result.

Second, the perspective Canada and Korea share in their global outlook. We are both medium-sized economies. Each of us lives alongside major powers. We find ourselves highly dependent on trade for our prosperity, and on the integrity of the

multilateral system of trade rules. Canada and Korea possess similar needs for political stability and security, both globally and regionally.

Third, at the other end of the scale, we enjoy extensive bilateral economic complementarities. We have a strong traditional resources relationship, and complementarities in the agricultural sector that we are beginning to explore. That is now joined by the matching of Korean technology needs with Canada's ability to supply those needs.

Finally, there are our shared regional objectives. Both Canada and Korea have strong hemispheric interests, yet both want to maintain transpacific ties. Canada sees its prosperity tied to Asia-Pacific growth. And Korea recognizes that its largest market is North America.

In a speech almost a year ago, Foreign Minister Han noted a number of things. He made clear that Korea's economic and other interests were best served by strong transpacific links. At the same time, however, he warned that if North America showed itself disinterested in this, or became inward-looking in its implementation of the NAFTA [North American Free Trade Agreement], countries such as Korea would have to look at other options.

Minister Han has repeated this theme on several occasions since that time. Indeed, he has added the challenge that the NAFTA, in a sense, prove its openness by accepting the idea of link with East Asia. He has put forward the idea of nations such as Korea and organizations such as APEC playing a leading role in the realization of this link.

What is the Canadian regional view and the role of the NAFTA? The answer is no small challenge in itself. In my view, however, the NAFTA must be looked at as an evolving process. We do need to settle into the NAFTA, but we also need to look to the next steps.

One can look at the NAFTA as a regional trading arrangement, or as the embryonic organization of countries that are ready to go beyond the already substantial disciplines of the new World Trade Organization (WTO) to embrace further free trade.

In this connection, Chile could be an early and welcome new member, but we do not see the NAFTA limited to the Western Hemisphere. Indeed, the NAFTA does not restrict new members to Western Hemisphere countries. The text of the Agreement in respect of accession speaks simply of countries or groups of countries.

Canada, moreover, did not commit itself to free trade with Mexico and the United States in order to join an exclusive or

protectionist trading group. That was not our intent. Canada joined the NAFTA because it believes it can evolve into a wider organization based not merely on proximity, but upon a common commitment to achieve free trade with like-minded countries, and to do so at a faster pace than the GATT [General Agreement on Tariffs and Trade] itself has been able to achieve.

We must ensure that free-trade associations are not only on a north-south axis, but also on an east-west axis. In this regard, I emphasize anew that transpacific economic relations are of the greatest importance to Canada.

Accordingly, we shall work with our Korean friends and other like-minded Asian countries to see how that transpacific axis, so mutually beneficial to Canada and Korea, might incorporate the features of a free-trade association over time.

What are the next steps in building a special partnership between Canada and Korea? The new working group will look at this and will also propose methods of achieving the sort of enhanced co-operation we seek. Multilaterally, the group will look at the role of such forums as the new WTO, the Organization for Economic Co-operation and Development [OECD] and APEC.

Bilaterally, the group will consider how to:

- facilitate access to each other's markets;
- diffuse and jointly commercialize technology; and
- encourage industrial joint ventures.

In the latter area, I have agreed with Minister Kim to create the Industrial and Technology Co-operation Committee. This committee, which will be composed of both government and private-sector representatives, will promote joint activity. I would like to add that any special partnership will be meaningless if it does not engage the energies, experiences and interests of the private sectors of our two countries.

It is in this spirit that I welcome steps taken to revitalize the Canada/Korea Business Council (CKBC). In support of its work, and as part of our new partnership, I am today extending an offer to the Korean side of the CKBC. What I wish to offer is that we organize a high-level, multisector Korean business mission to Canada. This would take Korean chief executive officers across Canada in a program of meetings with top Canadian government and business persons.

This mission would examine the potential for new investments and joint ventures, explore co-operation in third countries, help define the role of the private sector in technology co-operation,

and determine emerging trade opportunities in a changing global and regional environment.

Our goal is the production of a report—a benchmark representing a senior Korean business assessment of Canada as a trade and investment partner. The mission might occur in conjunction with the next joint Council meeting this autumn in Canada.

I have spoken of trade and economic ties, but the "special partnership" between Canada and Korea extends to every element of the relationship. Most importantly, it is a state of mind: building habits of consultation, a readiness to share concerns and discuss options on bilateral as well as on international issues.

I therefore intend to enter into regular and more detailed communication with Minister Kim.

My colleague, the Minister of Foreign Affairs, the Honourable André Ouellet, is doing the same with Minister Han on political and security issues.

Our "special partnership" is also represented in the following ways:

- We have pledged to expand study in Canada by Korean students (by such means as the recent establishment of the Canadian Education Centre in the Embassy), and also study in Korea by Canadians.
- We will continue to share Canadian experiences in peacekeeping and arms control and verification techniques.
- We will pursue a most welcome Korean proposal to work with Canada in co-chairing regional arms control workshops this year and next.
- We want to make better efforts to spread the word in each country about benefits of the "partnership."
- We will take specific measures to improve flows of tourists and visitors in both directions.

In conclusion, my visit and the other events since our leaders' meeting in November are only the start. Many events over the next months will build on the same theme.

I look for the support of the Canadian Business Club in participating in this effort. I want to congratulate you on sponsoring the initiative to bring a co-op program student to Korea this year.

May I close by thanking you all once again for this opportunity to speak to you.



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STATEMENT

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AS DELIVERED

AN ADDRESS

BY THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,

TO THE

CANADIAN CHAMBER OF COMMERCE IN JAPAN
AND THE CANADA-JAPAN SOCIETY



TOKYO, Japan
April 7, 1994

I am delighted to have this occasion to address a combined luncheon of the Canadian Chamber of Commerce in Japan and the Canada-Japan Society.

I have come to Japan for several reasons:

- Japan is Canada's second-largest trade and economic partner. I want to understand, and help interpret for Canadians, the important changes that are taking place in Japan, and how these will impact on Canadian interests between now and the end of this decade.
- I want to lend support to efforts to stimulate domestic demand-led economic growth in Japan, including through deregulation and market-opening measures, for the benefit of both Japan's consumers and trading partners.
- I am here to support Canadian trade, investment and other business interests in Japan, consistent with our own Action Plan for Japan.
- Japan is a key player on the multilateral scene. I want my visit to strengthen the very good co-operation we enjoy with Japan in a variety of multilateral forums, particularly in consolidating the new World Trade Organization [WTO], which will come into being as early as January 1, 1995. Canada and Japan share common goals with regard to the need to maintain and strengthen the rules-based multilateral trading system. Earlier today, I conveyed that message personally to Prime Minister Hosokawa and to Deputy Prime Minister and Foreign Minister Hata, and I will be meeting on the same subject later today with my counterpart, Minister of International Trade and Industry Kumagai. As well, I want to take a fresh look at our existing bilateral mechanisms for government-to-government co-operation, to see if there is not scope to refine them further.
- Finally, my visit is intended to underline Canada's recognition of the leading role that Japan plays in the economic development of the Asia-Pacific, by far the fastest-growing economic region in the world. The Asia-Pacific region has become an economic powerhouse of vital importance to the world and to Canada. Next year, Japan will chair the APEC [Asia-Pacific Economic Co-operation] process, which will culminate in the 1995 meeting of APEC Heads of Government. The development of APEC not only signals the emerging importance of Asia in world affairs, it also provides an important new venue for enlarged Canada-Japan co-operation.

I should preface my remarks by reminding you of just how important trade is to the Canadian economy. Exports account for more than one quarter of Canada's GNP [gross national product], as opposed to about 10 percent for Japan and the United States.

Some two million jobs in Canada are directly or indirectly dependent on exports. And in the increasingly open global economy, exports have become a key source of economic growth for Canadians.

Canada's economic relationship with Japan is extremely important. Our bilateral trade with Japan exceeded C\$19 billion in 1993, a 5-percent increase over the previous year. But more impressively, despite the economic downturn in Japan that has slowed the growth of imports from elsewhere, Canadian exports to Japan grew at a rate of 13 percent.

As the recent G-7 Jobs Summit in Detroit demonstrated, all industrial economies face complex structural problems and uncertain growth and employment prospects. The future prospects for trade and investment will largely be determined, of course, by the health of the Japanese economy, and the way in which it adapts to the structural challenges posed by an ageing society, an appreciating currency, and the imperative of reducing its burgeoning current account surpluses.

At this moment of extraordinary global political and economic change, my mission is intended, early in the mandate of the new government, to assess the nature of these changes here in Japan, and to direct Canadian policy accordingly.

For this reason, I have invited a group of leading analysts, economists, businesspersons — and even some politicians — to join with me tomorrow in a round-table discussion on Japan's mid-term economic prospects, and the implications for Canada's trade and economic relations with Japan.

We already face some important structural challenges in our business relationship with Japan:

- The Japanese market is changing along with the Japanese economy: expanding Canadian exports to Japan will depend on our ability to cater to the most rapidly growing market segments — that is, those for higher value-added products.
- These trends mean that many of our traditional resource-based commodities, such as coal, face low international prices and a levelling-off in demand in Japan for their products.
- Japanese investment in Canada is not only important for promoting Canadian economic growth, but is also essential for building business partnerships that will help Canadian firms prosper in world markets. We need to ensure that Japanese companies are aware of the many advantages of investing in Canada, as an export base servicing the North American, Japanese and third-country markets.

I would argue, however, that Japan's changing import profile offers major opportunities for our exporters to add value to their products prior to export, to meet the new demands of the Japanese market.

Canadian business recognizes these imperatives and is working with the federal and provincial governments to implement action plans in seven priority sectors — processed foods, fisheries products, building products, information technologies, auto parts, tourism and aerospace.

Together, these plans constitute our "Canadian Action Plan for Japan" — an integrated effort by all federal and provincial governments, in support of clearly articulated private-sector strategies, for realizing our potential in these high-priority growth sectors.

The elements of our new Action Plan include:

- placing more emphasis on building awareness of business opportunities in Japan;
- bringing more participants into the market and encouraging them to develop a strategy for five to 10 years down the road;
- establishing sectoral and regional business support networks;
- engaging industry leadership, in partnership with governments, to support small and medium-sized Canadian businesses in their export initiatives; and, most importantly,
- seriously tackling the adaptation of our product to, or indeed the design of our product for, the needs of the Japanese customer.

Twenty Canadian companies have come with me to Japan in search of both Japanese partners and the right formula to enter and expand in Japan's rapidly increasing market in three of our specific Action Plan sectors: building products, processed foods and information technologies. All 20 have attractive products and a commitment to establishing a business presence here in Japan.

We started in Fukuoka, where the reception given us by Kyushu business leaders confirmed both the wisdom of setting up an office in Fukuoka and the potential that awaits Canadian exporters there, and in Japan's other regional markets. We had several interesting and productive sessions with our friends in Fukuoka before our companies left to pursue separate programs

throughout Japan, tailored to meet their individual business interests.

Canada has established a network of trade offices in cities throughout Japan, to better serve our growing regional trade interests. In addition to the Embassy in Tokyo, consulates have been established in Osaka, Fukuoka and Nagoya, and representative offices have been placed in Hiroshima, Sendai and Sapporo.

After leaving Japan, I shall travel on to Morocco for the Marrakesh Ministerial meeting, which will formally bring to a close eight years of multilateral trade negotiations in the Uruguay Round. I cannot stress enough the positive impact that we expect the implementation of the results of the Uruguay Round to have on the world economy in expanding trade and increasing employment.

We are certainly pleased with what was achieved in the Uruguay Round. I must say, however, that we wanted an even bigger package on market access. Our aim was, and still is, to seek GATT [General Agreement on Tariffs and Trade]-bound barrier-free entry — global free trade — in such sectors as wood, fish, non-ferrous metals, and the full range of high-technology products. We were also prepared to support global free trade in sectors of export interest to Japan — film, rubber products, fertilizers and musical instruments — but this did not prove possible. I can assure you, however, that we will continue to press for these multilateral market opening measures in the future, including in the context of the new WTO.

Japan and Canada share a commitment to a strong rules-based multilateral trading system. This is why we both made difficult concessions — especially in the area of agriculture — to secure a successful conclusion to the Uruguay Round. The commitments made in the Round will serve not only to lower tariffs, remove non-tariff barriers and break new ground on services and dispute settlement, but also to put in place the WTO, the forum in which trade problems, in our view, can best be resolved.

At this historic juncture, we view it as extremely important that the major multilateral players — Canada, the United States, Japan and the European Union — pursue trade policies that strengthen, not weaken, the rules-based multilateral trading system we have all worked so hard to put in place and which is finally within our grasp.

It is therefore unfortunate, and somewhat ironic, that the past few weeks have been dominated by continuing trade tensions among the quadrilateral countries — in particular between Japan and the United States. These tensions have served to unsettle currency markets and to undermine business confidence.

The lessons of postwar trade liberalization teach us that three basic principles are fundamental to a rules-based approach to trade: national treatment, non-discrimination and transparency. It is incumbent on all members of the GATT to seek to ensure that their trade practices respect these principles. I have no doubt that Japan and the United States are committed to these principles. But like many other observers, I am concerned that a results-based approach to trade policy could undermine the rules-based international trading system itself.

We are particularly concerned that any bilateral arrangements between our major trading partners genuinely serve to create new trade opportunities for all, not preferential conditions of access for one party, which may distort both trade and investment flows.

Quite aside from fears that bilateral deals will harm the trade interests of Japan's other trading partners, however, we are concerned about what they might do to damage the integrity of the multilateral trading system.

In this regard, we regret the revival of "Super 301" by the United States. The timing of its renewal, just before the signing of the final act of the Uruguay Round, is particularly disturbing.

I think it is fair to say, however, that there is a broad recognition, including by the Japanese government, that meaningful action to address Japan's chronic current account surpluses is essential.

In addition to additional measures designed to support domestic demand-led economic recovery, it has been made clear that there is a need for meaningful regulatory and administrative reform to increase transparency and competition in Japan's domestic market. This is particularly true in some important service sectors, such as distribution, transportation, communications and financial services.

We in Canada warmly welcome the initiatives that the Government of Prime Minister Hosokawa has taken to date in the area of deregulation, and we look forward to seeing this process continue at an accelerated pace. Deregulation would ensure a better pass-through of the higher value of the yen, resulting in lower consumer prices, and thus increasing domestic demand, including demand for imports.

For example, deregulatory measures currently under study to allow more efficient land use and the deployment of innovative foreign building technologies, promise to dramatically increase the affordability and quality of housing in Japan.

This would open major opportunities for companies in Canada, whose technology in building materials, systems and services is on the cutting edge. Later today, I will be speaking to the Minister of Construction about further co-operation in the introduction of Canadian home-building methods in Japan, and about the possibilities for increased mutual recognition of standards and product certification in the building sector.

Japanese consumers have already benefited from the two-by-four housing system introduced in co-operation between the Ministry of Construction and the Government of Canada some 20 years ago. Even so, the potential for Canadian technologies to provide cheap and spacious housing for Japan remains limited by a welter of regulations, many of which appear to us to be quite unnecessary.

I am delighted, however, to see a consensus developing in Japan that these and other regulatory barriers can and should be removed, not only in the interest of resolving trade frictions, but also, and equally importantly, in the interest of the Japanese people.

We do not expect this to be a one-way street. We understand the need to do our part to become more competitive. Our companies are, in fact, increasingly so. Deregulation in Canada through the 1980s, and the benefits of North America-wide competition (first through the Canada-U.S. Free Trade Agreement and subsequently in the North American Free Trade Agreement) have sharpened the ability of Canadian companies to compete worldwide.

Strengthened international competitiveness is particularly essential as we seek to expand our trade throughout Asia. APEC has emerged as a key forum for governments to address the challenges of expanding trade and economic co-operation in the Asia-Pacific region.

Canada places a priority on the Asia-Pacific region and on the APEC forum in our foreign and trade policy agenda. Canada and Japan have worked well together in keeping APEC on the right track. We want to build on the personal relationships established at the Ministerial and Leaders meeting in Seattle last November, in developing an APEC agenda for effective regional co-operation.

The economic dynamism of Asia will ensure that priority is accorded within APEC to co-operative activities directed at facilitating trade, investment and technology flows.

Equally important, an enhanced Ministerial dialogue in APEC allows us to jointly set priorities on environment, employment and youth issues, which are all priorities within our domestic agendas, but where answers are increasingly found through multilateral discussion and co-operation.

The economic dynamism of the Asia-Pacific region is founded on strong private-sector leadership and a shared commitment to liberalization in support of growth. APEC provides the vehicle for us to set the regional agenda and to work together to advance these objectives in other multilateral forums. As this region grows in economic importance, APEC's role in influencing the global agenda will also inevitably increase.

Canada and Japan have much to gain in a closer and more comprehensive relationship. We share many common ideals, and work well together in multilateral pursuits. Together we have contributed to a significantly more liberal world trading environment, from which both our economies benefit immensely. Bilaterally, we have a strong and mutually beneficial relationship, but we must be conscious of the impact that changes in our own economies — and in the global trading environment — will have on that relationship.

For the adventuresome, change is also opportunity. I hope Canadians will approach Japan in that spirit. The high yen, deregulation, fiscal stimulus, Japan's move to domestic-led growth — all promise to provide new openings for Canadian firms in Japan. For Japan, Canada remains not just an attractive market, but also, I would hope, a source of innovative technologies and quality value-added products, a place to invest, and a partner for North American and world markets.

Let us see what we can achieve together.

Thank you.



Government
of Canada

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du Canada

STATEMENT

94/16

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NOTES FOR AN ADDRESS

BY THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,

TO THE GATT

MINISTERIAL CONFERENCE IN MARRAKESH



MARRAKESH, Morocco
April 12, 1994

Canada

Mr. Chairman, honourable ministers, distinguished delegates and guests:

We have waited a long time for today, but it was certainly worth it.

We are marking, here in Marrakesh, the culmination of an undertaking that required immense creativity and political will on the part of all countries, large and small, that participated in the Uruguay Round. We have changed the world for the better by changing the world's trading system for the better. We have liberalized market access for most goods and services. We have improved international rules and will now apply them to more areas of our trade -- in fact, to the vast majority of total world trade.

Our common achievement is an eloquent answer to those prophets of doom who not long ago were trumpeting that "the GATT is dead," that the multilateral system was in the grip of terminal paralysis. More important, our success confirms the conviction of the drafters of the Punta del Este Declaration that nations could rise above their narrow parochial interests to create a trading system accessible and beneficial to all trading partners.

Canada is a country heavily dependent on trade. We are, and will remain, committed to developing a strong international trading system. The GATT has been the cornerstone of our trade policy. This remains the case even with our membership in the NAFTA [North American Free Trade Agreement].

Over the past eight years, Canada played an active role in the Uruguay Round negotiations. It was honoured to host the mid-term review in Montréal in December of 1988. Events since Montréal forced us to add some flexibility to the definition of "mid-term," but the results are no less impressive because they have been long in coming.

The Final Act liberalizes trade in the traditional sense by lowering tariffs and removing barriers. In fact, we have exceeded the target set in Montréal of cutting industrial tariff rates by one third.

However, the agreement goes well beyond this. It strengthens existing rules. It defines the concept of subsidy for the first time in a multilateral trade agreement. Further, it sets out criteria exempting certain subsidies -- for regional development, research and development, and the environment -- from countervailing measures. And it strengthens multilateral disciplines on subsidies that have adverse effects on other countries' trade interests. It outlaws the use of grey-area measures and controls the use of safeguard protection. It improves on the results of the Tokyo Round agreements. It revamps the way we resolve the differences that can arise, even among the best of trading partners. It effectively precludes

unilateral measures in responding to trade disputes covered by the World Trade Organization agreements. This new dispute-settlement system -- one with clearer rules, tighter deadlines, an appeal process and binding effect -- is one of the major enduring reforms in a list of many.

The agreement also broadens the scope of our trade rules to include agriculture, textiles and clothing, which escaped GATT disciplines in previous rounds of negotiations. For textile and clothing products, this agreement spells the end of the market-sharing regime. In agriculture, we changed fundamentally the way governments think about support for and trade in agricultural products. Although the agreed market access commitments and reductions in domestic support and export subsidies may fall somewhat short of the ambitious targets set for the negotiations, they mark an irreversible turning point that can be improved upon. More importantly, we were successful in the main objective of having one set of rules apply to all products.

Rules will also apply for the first time to intellectual property and services, which account for an ever-growing portion of international trade. Those who began the negotiations in 1986 (and there are some here!) will understand better than most how far we have come. In services, not only have multilateral disciplines been agreed to, but over 100 countries have undertaken commitments to open their services markets. More work is foreseen to expand the scope of future commitments to such major service sectors as maritime transport, telecommunications and financial services.

The decisions that countries had to take in all these areas -- but perhaps especially to end the Multifibre Arrangement and to "tariffy" all agricultural measures -- were difficult ones indeed. But, acting in concert, governments did take the hard decisions, not for altruistic reasons but on the basis of the assessment that their economies would be better off embracing market liberalization and halting the growth of debilitating and wasteful subsidies. This is a major breakthrough.

And there is more. Without a doubt, the crowning achievement of the Uruguay Round negotiations is the creation of the World Trade Organization. Such an organization is indispensable in overseeing the operation of the agreements that make up the "single undertaking" we have all accepted. Establishing, and adhering to, the principle of the "single undertaking" is an essential ingredient in the successful conclusion of the Uruguay Round and the founding of the World Trade Organization.

The new World Trade Organization will finally put international trade on a firm institutional basis by becoming the third pillar of the world's economic and financial structure, along with the World Bank and the International Monetary Fund. In order to reap

the benefits of the Uruguay Round, those who require approval by parliaments, or other such procedures, must act quickly to ensure that the World Trade Organization agreement can be implemented fully and effectively by January of next year. The Government of Canada is committed to fulfilling our domestic requirements by the end of this year. It would be extremely unfair to keep the world waiting for the benefits of this hard-won achievement. None of us can let the press of other domestic issues delay or interfere with early implementation.

Further, in the interim period, we must resist the temptation of protectionist measures that could undo what has already been agreed. We must all honour the commitments we make in this regard as part of the Ministerial Declaration.

We must also quickly turn our attention to the challenges that lie ahead to ensure a smooth transition from the GATT to the World Trade Organization. The Preparatory Committee will have to set up the administrative and financial framework for the World Trade Organization, oversee the continued functioning of working parties, arrange for negotiations in areas where problems remain and organize the work program to implement the Round.

Beyond these immediate tasks, we face even greater challenges. So far, I have concentrated on how much we have accomplished in the Uruguay Round and how difficult the effort proved to be. In a very real way, our work has only just begun. With the all-important creation of the World Trade Organization, we have taken a first step. Now we must begin the effort of investing this institution with the commitment necessary to take us into the 21st century.

The establishment of the World Trade Organization is an expression of new realities in the economic and political relationships among nations. The trading system no longer operates as the exclusive domain of a powerful few. As the Uruguay Round negotiations unfolded over a seven-year period, we witnessed an evolution in the roles of key players. Most importantly, developing countries and "economies in transition" demanded, and won, an equal place at the table. Negotiating with impressive skill, they insisted that their needs be addressed and showed a willingness to assume a greater share of the responsibilities.

No one can predict all the implications of the changes we have seen. But of one thing I am sure. The multilateral system is taking on new meaning. Increasingly, what is the same among us is becoming more important, and more compelling, than what is different. Developed and developing alike, we are nations that share many of the same goals. We all aspire to improved standards of living through market growth and stability. And we demand the same opportunities to pursue those aspirations,

including through secure access to world markets. We may differ in size and level of development but, more than ever, we are equal in our right to demand those opportunities.

This leads to two inescapable conclusions about the new multilateralism. First, we must give the principles of fairness and mutual advantage new meaning. As our interests and aspirations increasingly converge, co-operation will be the only way to proceed. Second, we must work harder to leave unilateralism and protectionism behind once and for all. Never before has the "beggar thy neighbour" approach been more bankrupt; never before has using economic might unilaterally to prevail over those who are smaller or weaker been more unacceptable to the international community. The World Trade Organization gives us a powerful new vehicle to steer away from these old ways and to move in a new direction.

In delivering such opportunities, the World Trade Organization is indeed an instrument with great potential. While it cannot shoulder all the problems of the world, it will be called upon to tackle new trade policy issues, including such matters as the relationship of international trade and the environment, competition policy, investment and labour standards.

It will be important, however, to proceed on these new issues in a manner consistent with the competence and mandate of the World Trade Organization. Although it has a role to play, there are limits to what the new organization should be expected to do. Most importantly, it is not for the World Trade Organization to decide environmental, labour or social policy itself. What it can provide is a model for exploring the possibility of a new organization -- or a new mandate for existing organizations -- to address such challenging issues at the international level. In this way, international trade and environmental, labour and social policy objectives can advance co-operatively and in parallel.

In some areas, the work has begun. On trade and environment, we shall approve an expanded work program for the World Trade Organization that builds on our efforts in the GATT, carrying forward the issues already under consideration and incorporating additional dimensions that arise with the Uruguay Round agreements. Canada will contribute actively to these discussions. We will consult closely with experts in the trade and environment fields. We look forward to a continuation of the good will and co-operative spirit that has characterized these discussions to date.

The international community urgently needs to find answers to problems that affect us all. Canada will always be at the table to work toward shared solutions. But for trade and environment issues and for those issues when trade and social policies

interact, it must be a process based on mutual consent or it simply will not work. The use of trade penalties to impose standards of conduct is not the answer. We must not allow the World Trade Organization to be recruited into such a misguided effort.

The risk of protectionist abuse is always lurking in the background. The globalization of world trade inevitably creates counter-pressures for protection or a harmonization of practices in other policy areas. When examining new issues, we must, for example, be wary of being seduced by the argument that differing approaches to issues such as environmental protection constitute an unfair trading practice justifying some form of sanction. New issues can become a vehicle for new protectionism.

Instead, these issues must be viewed through the prism of the rules we have negotiated and not seen as an opportunity for backsliding or for opening loopholes. If harmonization in some areas is desirable, then it must be negotiated in the appropriate forum. It is evident from the success we have had negotiating the "non-negotiable" in this Round that much can be done by the international community when the will is there. However, to fall victim in the World Trade Organization to the narrow interest groups who favour trade sanctions as the instrument of choice to force nations to comply with the policies of others would be to abandon some of the most fundamental gains we have made.

This gathering in Marrakesh marks the official end of the Uruguay Round. We have travelled a long and winding road from the first meeting in Punta del Este in 1986. Our actions this week will take us a major step closer to fulfilling our declared objective of strengthening international trade and, through it, economic conditions around the world.

We can all be proud of the role we have played in turning a hopeful idea into a reality for some 120 countries. I offer my congratulations to you all.

It is my honour also to extend the appreciation of the Government of Canada to His Majesty King Hassan II for his personal interest in this Ministerial Conference, to the Government of Morocco for its support and organizational efforts, and to the people of Morocco for their generous welcome.

Thank you, Mr. Chairman.



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STATEMENT

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE LAUNCHING OF THE JEAN MONNET CHAIR
AT THE UNIVERSITY OF MONTREAL

MONTREAL, Quebec
April 25, 1994



I wish to thank the organizers of this symposium for their invitation and for offering me such a prestigious framework for reporting to you on the status of relations between Canada and Europe.

The Jean Monnet Chair, whose establishment we are celebrating today, is a model of co-operation. The father of the European Union would have welcomed such a project with enthusiasm. This chair is important for two reasons. It will help our educators and researchers to promote studies on European integration and our transatlantic relations. It also reflects our common desire to favour partnership among the Government, the academic community and the private sector. Through its openness, its spirit of consultation and by bringing people closer together, this chair will benefit all Canadians.

The Jean Monnet Chair is the first to be created outside the European Union. It is significant that Canada was chosen. This choice testifies, not only to the favourable reputation that Canada enjoys with the European Union, but also to the excellent reputation of our academic institutions internationally.

The theme of your symposium is "Europe after the Maastricht Treaty in a Changing World." We all recognize the overwhelming changes that we have faced and that continue to challenge us. As you know, our government is committed to reviewing its foreign and defence policy. I realize that the European Union and its member countries are following this review with curiosity and interest. Needless to say, in this changing world, our relations will be on the agenda in this review. I cannot tell you what major thrusts the parliamentary committee responsible for this review will favour. However, I can outline some of the factors guiding the Government in its reflection on our transatlantic relations. If you will allow me, I would like to talk about the development of our relations to date, the implications of the geopolitical and social changes of recent years, and, finally, the major courses available to us. As you can see, I am not suggesting any earth-shattering analytical framework. I leave that up to the holder of the Jean Monnet Chair and his team!

Canada and Europe: Solid and Deep-rooted Transatlantic Ties

In his memoirs, Jean Monnet offers some interesting thoughts that he had about Canada when he travelled to Western Canada as a young man in 1906. He wrote: "For the first time, I met a people whose job was not to manage what already existed, but to develop it without stint. No one thought about limits; no one knew where the frontier was."

Although it was written to describe an impression made in 1906, this phrase has lost none of its relevance. At the close of this century with its innumerable upheavals, in this era of telecommunications and immediacy, we cannot think about limits or frontiers. The ideological boundaries drawn through the heart of

Europe have recently been erased. The new world order has shattered the traditional boundaries that shaped our thinking during the Cold War. Jean Monnet saw in our pioneers the spirit that was to guide him throughout his career: unity, mutual assistance and interdependence transcending all boundaries. Now, more than ever, in these days of the NAFTA [North American Free Trade Agreement] and the Maastricht Treaty, we share the same impetus, the same pioneer spirit.

Some look at the Atlantic Ocean and see only an obstacle, a space that separates and keeps us apart. Fortunately, history offers us a totally different assessment and shows us the futility of retrenchment and isolationism. The Atlantic Ocean brought our ancestors' ships to our shores and, more recently, our troops to the defence of Europe. We share the same Atlantic rim with countries such as Belgium, the Netherlands and Portugal. You are no doubt aware of the ties that bind us with regard to fisheries. I would say that we are bound not only by economic ties, but also by moral ties, to ensure the renewal of this valuable and fragile resource.

In the course of his brilliant career, Jean Monnet had the opportunity to learn and appreciate that Canada and Europe greatly needed one another, especially during two world wars. Once again, history offers us numerous, albeit painful, examples of our mutual recognition. The names of many European cities will remain forever burned in the collective memory of my fellow Canadians, cities such as Ypres, Dieppe, Passchendaele and Vimy. Whether in the trenches of World War I or on the beaches of Normandy 50 years ago, Canada has very clearly and agonizingly demonstrated its profound attachment to Europe. The Prime Minister, the Right Honourable Jean Chrétien, will witness the importance of this chapter in the history of our relations by taking part in the official ceremonies commemorating the 50th anniversary of the Allied landing in Normandy.

I do not need to remind you that Canada was born of two great European political cultures, resulting in a political system and culture that are unique in North America. For instance, Quebec has inherited a British parliamentary system and a legal system based on the Civil Code. We largely share the same cultural environment, the same humanist legacy. In many regards, we share the same approach, the same philosophy.

This, in short, is the spirit that has guided our natural process of establishing institutional and administrative ties with Europe in every area, regardless of the obstacles. After all, Europeans are among our chief allies. NATO [the North Atlantic Treaty Organization] and the CSCE [Conference on Security and Co-operation in Europe] enabled us to forge solid ties to ensure peace and security in Europe during the Cold War. NAFO [the Northwest Atlantic Fisheries Organization] has ensured sound common

management of the ocean resources that we share. The Framework Agreement on Commercial and Economic Co-operation of 1976 was the first of its kind that the Community signed with a third country. We must also mention the Transatlantic Declaration of 1990, and the multitude of joint bilateral commissions. We now have several co-operation programs covering a full range of subjects. We have made considerable progress. Needless to say, these programs have greatly contributed to the development of our relations.

The Transatlantic Declaration established a mechanism for regular meetings between the Prime Minister, the President of the Council of Europe, and the President of the European Commission.

From Berlin to Maastricht: Re-examining the Situation

The Europe envisioned by Jean Monnet is almost a reality. However, Europe's immediate environment is changing. Jean Monnet would have seen the fruit of his efforts in the unification of Germany and the end of Communism, and the realization of his fears in the horror of interregional conflict.

No one can doubt that Europe remains central to global security and stability. Some see the withdrawal of our troops from Germany as an abandonment of Europe. This is untrue. The dangers that we face today are not the same as in the past. Our troops are now in Bosnia-Herzegovina and Croatia.

The new threats are called ethnic cleansing, exaggerated nationalism, terrorism, nuclear proliferation and environmental disasters, to name, unfortunately, only a few.

These changes are being reviewed in detail, not only in Canada but in Europe as well. After all, the changes that have occurred from the fall of the Berlin Wall to the signing of the Maastricht Treaty call for a re-examination of the situation. We will not forget the importance of Europe in our overall relations when conducting our review.

The European Union is our second-largest export market, the largest market in the world and the largest importer. Our trade is based on added value. More than 75 percent of our exports to the European Union are in the form of end products or manufactured products. This market is vital for Canada and all its regions. For example, in 1992, 30 percent of Newfoundland's exports went to the European Community. Few people realize that the economy of the Atlantic Provinces depends in large part on their exports to Europe. Ontario, Quebec and British Columbia are the Canadian provinces that export the most to the European Community. Next to the United States and Japan, our biggest bilateral trading partners are the United Kingdom and Germany. Twenty-seven percent of direct investment in Canada comes from Europe, and Canadian investment in Europe amounts to \$22 billion.

The process of European integration is still very much under way. The European Union is continuing to grow with the inclusion of Austria, Finland, Norway and Sweden. The integration of these countries will mean that, for the first time, the European Union will share a border with Russia and Hungary. I believe that this new northern dimension for the European Union is a very positive thing, that we can expect it to lead to greater co-operation on circumpolar issues, be they the environment, security or sustainable development.

Since the tearing down of the Berlin Wall, the European Union has become a gateway to the new markets of Central and Eastern Europe. Canada sees this as an opportunity not to be missed, as does Europe, I'm sure. Once again, we can take advantage of our historical links with the Old World. More than one million Canadians are of Ukrainian or Polish descent. A large number of them have already returned to the country of their ancestors to forge new links, to help these countries develop their political, democratic and economic institutions.

L'École des hautes études commerciales de l'université de Montréal is participating in a new project to establish a modern MBA program in Romania. Launched just last week, some 20 Canadian professors will teach at the Graduate School of Management in Bucharest as part of this project valued at close to \$3 million. All four Montreal-based universities are acting as partners in the project.

Canada and Europe at the Dawn of a New Century: Shared Advantages, Now More Than Ever

The influence of the European Union is expanding, and, by the year 2000, the Union will look radically different. We must adjust to this new reality. However, it is clear that Canada has no intention of withdrawing from Europe. Rather, it is our intention to redeploy our efforts with a view to better meeting the challenges and seizing the opportunities with which we are presented by a changing and expanding Europe.

I think that both Europe and Canada can find inspiration for their actions in this regard in the words of Jean Monnet. As he indicated, we must work together, not to negotiate advantages, but to seek our advantage in shared advantage.

In the context of the examination that we must make of the new role of our international security organizations, we realize that, where the main priorities of the nations involved are concerned, economic interests have replaced military concerns.

The economy of the fast-approaching 21st century will be even more competitive and international. Education and training will ensure the success of nations in this economy. Institutions of higher learning make an essential contribution to the development of

Canadian society. Our Red Book bears witness to this with these words: "The federal government, however, can and should support and facilitate the national effort to prepare Canadians to compete in the world."

I read with great interest the recent Commission of the European Communities White Paper, *Growth, Competitiveness, Employment. The Challenges and Ways Forward into the 21st Century*. In it, the Commission draws on themes which we developed in our own Red Book. We recognize the importance of education, research and development and new technologies in economic recovery. Both documents hint at possible avenues of co-operation.

We must forge transatlantic links of co-operation and partnership in the various fields of higher education. The Government of Prime Minister Jean Chrétien wants to give Canadians the tools they need to shine in this new international economy based on information and knowledge. Internationalization of higher education is one of these tools. I am confident that we will be able to take the necessary steps to make increased and structured co-operation with Europe possible in the crucial fields of education and training.

Moreover, education is one field which the Transatlantic Declaration aims at developing, along with the economy, research and development and audio-visual. The Prime Minister and Jacques Delors, President of the European Commission, confirmed this at their Ottawa meeting last week. The Canada-Europe Round table, held at the invitation of the European Community two weeks ago in Louvain, Belgium, is an important step forward in our efforts to forge close ties of co-operation in higher education and manpower training as we look ahead to the 20th century.

Our foreign policy review provides an opportunity to take a second look at our international activities in support of higher education, research and training.

Institutions of higher education provide an essential contribution to the development of Canadian society, and are key partners in the national effort to maintain our competitiveness. In this twofold capacity, higher education plays a leading role in the pursuit of Canada's interests abroad.

In recognition of the importance of this role and of the excellent co-operation between our two levels of government in this area, I wish to involve the provinces closely in this effort to review our international activities in higher education. The resulting dialogue should provide a unique contribution to the general review of Canadian foreign policy.

I have thus invited Minister Jacques Chagnon, Chair of the Council of Ministers of Education, Canada, to consider this matter during

the next meeting of the federal-provincial Consultative Committee on international education-related activities.

I repeat: we do not intend to withdraw from Europe. Rather, the geopolitical, economic and social changes of the past few years are prompting a redeployment of our increasingly limited resources. Choices therefore have to be made.

We have a strong desire to maintain our cultural presence in Europe. Canada's presence abroad cannot be measured simply in terms of the sum of our country's exports. It is also measured in terms of the presence of our artists, creators and thinkers, and the extent to which our cultural voice is heard in Paris, London, Rome or Brussels. Our orchestras, film-makers, writers and thinkers forge tangible and direct human links. Europe remains a vital market for them.

Therefore, I am happy to announce that we have cancelled the previous government's decision to sell the Cultural Centre in Paris. We are looking at a series of options for its future uses. We are also considering how we might consolidate and rationalize our cultural activities internationally.

A strong, diversified relationship with our European partners, and with the European Union, remains essential to the equilibrium of our foreign policy. We know from experience that our political, economic, commercial and cultural dialogue must be rich and consistent.

This is not the task of governments alone, but of business, decision-makers, researchers and opinion-formers on both sides of the Atlantic.

Conclusion

You will agree with me when I say that the links between Canada and Europe are solid. To paraphrase Jean Monnet, it is more realistic to focus on what is necessary than to look only at what is possible.

European security remains necessary, today more than ever. The presence of our troops in the former Yugoslavia bears strong witness to the importance we place on security in Europe.

The end of the Cold War plus European integration and expansion have radically transformed the transatlantic relationship.

Security and defence continue to be essential considerations. The bases of our co-operation in these fields are solid, but the challenges are many.

Institutions like NATO and the CSCE need to be reformed and adapted to the needs of this changing world. Intervention is required to assist the countries of Central and Eastern Europe and to make their transition to a market economy a successful one. This is a task essential to the stability of the Old Continent. Finally, we must exercise constant vigilance to prevent conflict and maintain peace.

No effort must be spared to break down barriers and promote openness among the American, European and Asian economic units now taking shape.

Because Europe's geographic, social and economic borders are changing, we must examine our links in more detail. Let us think in terms of necessities rather than possibilities.

However, in a world that is constantly changing, the only certainty we share is the certainty that no nation can isolate itself. Canada and Europe cannot allow themselves to put aside such a long and fruitful tradition of co-operation. Europe remains central to Canada's foreign policy.



STATEMENT

94/18

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NOTES FOR AN ADDRESS
BY THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE
PEACEKEEPING BRAINSTORMING SESSION
IN OTTAWA

OTTAWA, Ontario
April 29, 1994



Thank you, and welcome to Ottawa.

It is a pleasure to welcome representatives of many of those countries which, like Canada, have displayed a real commitment to peacekeeping over many years. As I look at the wide variety of nations represented around this room, I am reminded just how truly international an activity peacekeeping is. You represent a sample of the 70 countries that now participate in United Nations peacekeeping activities.

I extend a special greeting to the representatives of the United Nations who are here for this event. We owe them a special debt of gratitude. In spite of an incredibly busy schedule, they have taken the time to prepare the papers which will serve as the basis for your considerations here in Ottawa.

In particular, I would like to pay tribute to Mr. Koffi Annan, the Under-Secretary-General for Peacekeeping. We are delighted that, in spite of his hectic schedule, he has been able to join us for our meeting and to lend his leadership to our discussions. This is, in fact, the second time in three months that Mr. Annan has travelled to Canada. He very kindly did so a few months ago to brief new members of Canada's Parliament on the UN's peacekeeping activities and objectives.

Mr. Annan and his colleagues carry a heavy burden on their shoulders. They are responsible for both the effectiveness of the 16 peacekeeping operations which the UN maintains the world over, and for the well-being of the over 70 000 troops assigned to these missions and the UN field personnel assigned to these operations. His dedication to the attainment of the UN's goals in support of international peace and security are a matter of record and are deeply appreciated by the Canadian Government. We are also very proud that Major-General Maurice Baril serves as Military Advisor to the Secretary-General within Mr. Annan's Department.

In noting the range of people here, I am reminded of the fact that no one nation or organization has a monopoly on peacekeeping, or on ideas as to how it might be made a more effective tool of international security. Only by working together, sharing our experiences and thoughts, can we ensure that peacekeeping adapts to the changing international scene.

Plus ça change.... Thirty years ago, another meeting just like this one took place in Ottawa. Then, as now, a group of experts met to discuss aspects of UN peacekeeping operations. Then, 22 countries were represented, along with the UN Secretariat; here today 24 countries are represented, along with members of the UN Secretariat. Then, as now, attention was focussed on such issues as whether to create UN stand-by forces; the need for advance planning by the UN, including training and operating procedures; and, the importance of clarifying lines of authority among UN forces in the field, the UN Secretary-General and contributing member-states. The similarities in agendas are indeed remarkable.

The consistency of Canadian support for peacekeeping over time is also remarkable. Canadians have long believed our interests to be served by the rule of the law and by international agreements which promote collective security. We have long recognized that the most complex problems facing the world are best solved through multilateral co-operation. The causes of these problems are too diverse and the solutions too multifaceted to permit any one nation, or group of nations, to succeed in solving them unilaterally. Peacekeeping is obviously one tool in this process.

This is why Canada has been a pioneer of peacekeeping. We believe that our involvement in peacekeeping operations over four decades is a concrete reflection of our basic security and foreign policy interests. Indeed, I represent a Party with a long tradition in this area. Since 1945, successive Liberal Governments have been firm supporters of the United Nations, and of peacekeeping. It was a Liberal Foreign Minister, and later Prime Minister, Lester Pearson, who provided the idea and the drive behind the launch of the first emergency force in the Suez in 1956, earning him a Nobel Peace Prize for his introduction of UN peacekeeping. Canada has subsequently provided over 100 000 military personnel for these purposes.

This government came to power last fall on a pledge to consult Canadians more broadly on foreign policy decisions. It is indicative of the central importance of the United Nations to international relations today, and to Canadian foreign policy, that two of the three debates held on foreign policy issues by parliament since the election have focused on Canada's peacekeeping role, specifically in the former Yugoslavia.

These debates have revealed strong support within Parliament, and throughout the country as a whole, for UN efforts to provide humanitarian relief to the victims of war and for the UN's efforts to facilitate negotiations among warring parties. Canadians do not shrink from strong measures in support of these goals. However, in Ottawa, in other world capitals, and in UN Headquarters in New York, there is an emerging consensus that any UN action must be more clearly thought out and broadly supported. It must be effectively conducted and respectful of the contributions of Member States

I know that Canadians retain goodwill towards the United Nations and a pride in the role that Canada plays there. But I also know that Canadians expect scarce resources to be used as effectively as possible to ensure peacekeeping efforts have some real hope of success. By success I mean helping to find a political solution which addresses the root cause of the conflict.

While the end of the Cold War has yielded rich opportunities to the international community, it has also thrust on the United Nations the challenge of resolving several bitter regional

conflicts. These conflicts are frequently rooted in long-standing ethnic, religious, territorial and economic disputes. They require a variety of new approaches by the United Nations, because traditional peacekeeping methods do not necessarily apply.

The Security Council and the Secretary-General have frequently had to improvise responses to unpredictable developments on the ground. In doing so, the UN has succeeded magnificently in some cases, such as Cambodia, and has also contributed very significantly to emerging stability within such countries as El Salvador, Mozambique and South Africa. However, we, the international community, have not yet been effective in dealing with such situations as found in Bosnia, Somalia and Rwanda.

The need for the UN to be innovative in responding to new challenges is widely recognized. Although peacekeeping is not mentioned in the UN Charter, it has come to play a central role in the UN's work. Nevertheless, the constant improvisation of the past several years, no matter how inspired it has frequently proved to be, requires us to look hard at and seek to learn from our recent experiences.

In my short time as Foreign Minister, I have had to face these issues time and again. Moreover, I foresee no let-up in the number of crises requiring UN intervention. I am concerned that the UN's authority to act be re-enforced by the commitment of its Member States to respond to the challenges it faces.

We must recall that the credibility and authority of the United Nations rests with its Member States. The relationship between the UN's ability to act and public perception is clear: if the United Nations is to maintain the authority it requires to act in difficult circumstances, it must be seen to be effective. It is its members who must make it effective.

Experience demonstrates that Security Council objectives can only be accomplished if the mandates it designs and adopts are clear, achievable and related to the resources available to implement them. Recent progress towards the development of clear and credible mandates is welcome. If continued, I believe that it will help to ensure support by the international community for the Security Council's decisions.

The Secretary General's report on Improving the Capacity of the United Nations for Peacekeeping contains specific recommendations which we find eminently sensible. France and Britain have made very useful suggestions as to early warning and preventive deployments. Australia's Blue Book contains many useful and important ideas. We in Canada have made a number of suggestions to the Special Committee on Peacekeeping Operations over the years, and particularly last year. Useful ideas have been

advanced, as well, by many others in this room, including Argentina, Brazil, Egypt, Ghana, India, Malaysia and Pakistan.

We congratulate New Zealand, during its presidency of the Council this past month, for launching a process of regular consultation with Troop Contributors to UNAMIR [United Nations Assistance Mission in Rwanda]. This is an excellent example, which we hope will be followed in other cases.

Clearly, ideas are not lacking. What is now required, however, is a firm consensus on both the ideas and on the means of putting them into effect. Ensuring effective political direction and support for peacekeeping operations requires effective mandates from the Security Council, ongoing interaction between the Security Council and the Troop Contributing Nations, and effective ongoing political direction and operational control by the United Nations. These are the issues you must address during your meetings.

Allow me, here, to pay tribute to the Nordic countries in drawing some of these questions to the attention of the General Assembly last fall. Considerable strides have been made by Mr. Annan and his staff in tackling the challenge of managing new and complex peacekeeping missions. The military staff has been expanded significantly. Improvements have been introduced in communications capabilities between New York and the field, for example, the establishment of a 24-hour situation centre.

Canada applauds these initiatives. But the broader challenge of ensuring effective command and control remains. We must examine the UN's ability to organize and launch new missions, the capacity to maintain clear lines of authority and decision-making between UN Headquarters and field missions, and the capacity of UN forces on the ground, often comprised of many different nationalities, to co-ordinate their efforts. Your examination of these difficult questions should help formulate a more robust policy.

Peacekeeping training is recognized as being an issue of increasing importance. As all of us know, the scope of peacekeeping has broadened dramatically in recent years. Today, peacekeeping operations incorporate civilian police, election monitors, humanitarian aid workers and many others. This has often been referred to as the second generation of peacekeeping activities. I am convinced that the enormous range of tasks peacekeepers are called upon to perform today necessitates new thinking on the subject of training. The Secretariat has been working hard to develop guidelines and training materials to meet these needs. Many member states are also wrestling with these issues. In my view, the UN's work in developing basic peacekeeping doctrines and guidelines provides essential input for our discussions of this issue.

For our part, Canadians must learn the lessons of Somalia, Bosnia, Haiti and Rwanda. To this end, my Government has recently established a peacekeeping training centre at Cornwallis, Nova Scotia. We are in the process of determining how such a centre can best meet the requirements of Canada's peacekeeping roles and the needs of the UN. We want this facility to be open to train peacekeepers from all regions of the world. I am looking forward to hearing your views on how we might best further develop this concept.

Finally, although it is not on your agenda, there is one other issue I would like to bring to your attention: the financing of peacekeeping operations. It is obvious that funding issues will affect whatever else you decide here. Canada believes that all Member States should pay their bills in full and on time. We do, and we find it unacceptable that while we meet this obligation, others do not. Reforms will be made over time, but countries should pay their debts when they are due.

You are here to advance a process which I am convinced will lead to the elaboration of a new peacekeeping strategy, and to the fostering of the necessary political commitment. I believe that the Secretariat, with our support, should be in a position to present new ideas to the General Assembly this autumn. It may take several more such meetings to achieve this objective. It may take a sustained programme of work over a period of months, but it must be done.

In setting up this meeting, we worked with the Secretariat to encourage your Governments to send experienced experts with the necessary skills to make the required decisions. It is your job over the coming days to begin the process of ensuring that our United Nations will have the ability to respond to calls for peacekeeping forces when and where its Members decide. I know that you will seize the opportunity with imagination and vigour.

Thank you, and good luck.



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AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE
NORTHERN FOREIGN POLICY CONFERENCE



OTTAWA, Ontario
April 30, 1994

Canada

I wish to thank the participants and the organizers of this conference. I understand that a number of different groups are represented here today. As you know, the Government has initiated a major review of its foreign policy. Non-governmental organizations (NGOs), government, academics, Aboriginal groups, experts and lay persons alike all have an essential contribution to make toward this review. Let me say that I am delighted to see such a conference take place; it will be an important contribution to our review process.

I want to share with all of you today some thoughts as to the new Liberal government's views on circumpolar Arctic affairs, and possible directions in Canada's Arctic foreign policy. I understand that my colleague Ron Irwin, the Minister of Indian Affairs and Northern Development, has touched on some points already.

Let me begin by saying that in any discussion of this subject, I have four questions in mind.

- Is there a fundamental purpose that should guide us in our Arctic international relations?
- How can an Arctic focus in our foreign policy contribute to Canadian unity?
- How can we construct a northern foreign policy that has the largest possible impact at the least cost, given our financial limitations?
- What must we do to ensure that a policy framework is in place that provides for consultation, co-operation and co-ordination, both among Canadians and with our Arctic neighbours?

The North has been overlooked somewhat in Canada's international activities in recent years. Part of the foreign policy plank of our electoral platform was our firm desire to assume a more active role in circumpolar affairs. Upon its election, the Liberal government made a commitment to enhance the northern focus of Canada's foreign affairs.

The North must be part and parcel of Canada's foreign policy, because the stakes and interests that Canada has in the North are vital to its sovereignty and security.

If you will, let us now examine these stakes and interests, and also look at what we can do together to address them.

Stakes and Interests

Canada occupies 30 percent of the Arctic land mass. Eight-five thousand Canadians inhabit this immense area. But of course, the Arctic is far more than a vast, glacial expanse. This desolate

area is home to a number of small, but tightly knit communities. The cool temperatures of the Arctic circle cannot dampen the warmth of its inhabitants! Yet the harsh and rugged northern landscape masks a fragile ecosystem. I think every one of us here remembers all too well the severe damage that occurred when the Exxon Valdez ran aground off the coast of Alaska. Yes, the North must be an integral part of our foreign policy. Air pollution knows no boundaries, and, though we would like to think otherwise, PCBs, radioactive substances and even insecticides have all found their way into the ice and snows of this once pristine environment.

Canada's Arctic foreign policy must be premised not only on protecting the fragile environment, but also on preserving the traditional way of life of Aboriginal peoples. To do this, we must ensure that Aboriginal peoples have a direct role in decision making on the full range of Arctic issues.

As you are well aware, the Government is building a new partnership with Aboriginal peoples based on trust, mutual respect and full participation in the decision-making process. A more comprehensive process for consultation between government and Aboriginal representatives must be developed. I want to assure you today that in matters of foreign policy that have an impact on the circumpolar Arctic, I will be insisting upon full and ongoing consultations with Canada's Arctic peoples, and in particular, Aboriginal peoples.

The interest we have in the circumpolar Arctic is to ensure that policy making is as coherent and integrated as possible. It is essential that we give ourselves the necessary means to address environmental concerns in the Arctic region, to conduct proper scientific research, to develop transportation networks and to ensure sustainable economic development that is attuned to the Arctic's unique character. A framework must be established to guarantee the full participation of our Arctic Aboriginal peoples in this process.

Coherence and integration also require close attention to developing co-operative relations among all our circumpolar Arctic neighbours. Canada is one of eight states bordering on the Arctic circle, the others being Finland, Iceland, Norway, Russia, Sweden, the United States, and Denmark, which has responsibility for the self-governing territory of Greenland. We must count on our very good bilateral relations with all of these countries, and on a shared commitment to multilateralism, to move ahead on such issues as pollution prevention, sustainable economic development, policy co-ordination and a full role for Arctic Aboriginal peoples.

It goes without saying that in this collaborative effort, each state must maintain respect for the sovereignty of others. The

Canadian government is committed to maintaining our sovereignty in the Arctic. Of course, Canada has no intention of closing its Arctic waters, including the Northwest Passage, to other countries. However, we insist that any voyage be made with Canadian consent and be subject to Canadian law, particularly the Arctic Waters Pollution Prevention Act.

A New Approach

Let me touch on a couple of means by which the Canadian government believes it can advance the various interests I described.

As I said earlier, the Arctic's unique environment must be protected. Canada is a strong supporter of the Arctic Environment Protection Strategy (AEPS), adopted in 1991 by the eight Arctic nations. This Strategy illustrates both a successful experiment in multilateral co-operation and our commitment to integrating Aboriginal peoples in the decision-making process. Three indigenous organizations, the Inuit Circumpolar Conference (ICC), the Sami Council and the Association of Russian Aboriginal Peoples, were given permanent observer status.

Indigenous peoples in the Arctic not only have a vested interest in protecting the environment they inhabit, but also have an invaluable expertise that we can, and indeed, must, learn from. There is work currently under way by Canada and the ICC on how to integrate indigenous knowledge into the AEPS. Achievements on the multilateral level have been complemented by similar successes at the bilateral level.

These successes include the 1992 Canada-Russia Agreement on Arctic Co-operation and some of the initiatives launched under the AEPS. I want to take steps to further develop our co-operation on the basis of this framework agreement, and I am very much looking forward to working together with my colleague Ron Irwin in this regard.

We have to go beyond the existing mechanisms. We must develop both our bilateral and our multilateral relations. In short, Canada will continue to seek out the best possible avenues of co-operation between the various circumpolar nations.

For example, there has been much discussion between Canada and the United States about ways to preserve a wilderness area that straddles the Northwest Territories, the Yukon and Alaska. As you know, the Great Porcupine caribou herd inhabits this area. I believe we must move quickly with the Americans to formalize arrangements for preserving this herd and the surrounding wilderness.

As far as multilateral co-operation is concerned, our government wants to move quickly to establish a more formal means of managing the circumpolar agenda. This government intends to push forward the creation of an Arctic Council by the end of this year, in which all eight circumpolar states and their Aboriginal peoples will be represented.

The Arctic Council is the best forum in which to address issues of common concern to Arctic communities. In my meetings with United States Secretary of State Christopher earlier this year, I specifically asked him to support the creation of the Council. I am pleased to report that the Secretary of State responded positively to my request. We are now in the process of discussing the next steps with the United States and our other Arctic neighbours. I know that many of you here have been working actively on this issue. I look forward to very close co-operation with you as we move ahead.

The threats to Arctic security are global in scope. Solutions to these threats can only be achieved in a multilateral context. Therefore, Canada is working without respite toward the creation of an Arctic Council uniting all eight circumpolar states.

These examples of positive initiatives must be followed through. What is needed in Canada is a means by which we can pursue these initiatives in a co-ordinated fashion. As it is now, different federal departments share the responsibility for implementing Canada's Arctic policies. This government believes we must have greater co-ordination. It is therefore with great pleasure that I am announcing today the Government's intention to create the position of Arctic Circumpolar Ambassador within my department. In making this announcement, we are joining our Nordic neighbours in creating a special ambassadorial position for circumpolar Arctic issues. The Arctic Ambassador will be responsible for co-ordinating Canada's contribution to circumpolar affairs.

The appointment of an Ambassador will be the fulfilment of one of our foreign policy platform commitments. After consultation with my colleague the Minister of Indian Affairs and Northern Development, I will be making a further announcement on this position.

Let me conclude by congratulating the organizers of the conference for their effort in bringing together a group of such distinguishing Arctic experts. I want to assure you that I value your input very much.

Your deliberations yesterday and today have, I am certain, resulted in many good ideas, which my officials have no doubt noted. I look forward to hearing your advice as to how we can move forward to implement our circumpolar Arctic strategy. Indeed, the results of this conference will provide a useful first set of guidelines for the new Ambassador!



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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE INAUGURAL DINNER OF
THE NORTH AMERICAN BUSINESS
OUTLOOK CONFERENCE



MONTREAL, Quebec
May 3, 1994

Canada

The North American Business Outlook Conference is a timely initiative. I wish to convey my appreciation to Ambassador Blanchard and his staff for bringing together such a broad range of business and government representatives from all three NAFTA [North American Free Trade Agreement] countries. On behalf of the Canadian government, I am pleased to welcome you to Montreal and to Canada.

The choice of Montreal as the venue for this conference is also appropriate since, as you all know, this great Canadian city has just recently been selected as the home for the Secretariat of the new North American Commission on Environmental Co-operation.

This conference provides us with the opportunity to underline the fact that the tremendous trade and investment opportunities made possible by the NAFTA will only be realised if the business community, with the support of governments, pursues them aggressively.

In the last decade, governments have engaged in an unprecedented series of negotiations which have led to numerous regional and world trade liberalization agreements. The recent signing in Marrakesh of the Uruguay Round creating the World Trade Organization was the crowning achievement of these efforts. It is, incidentally, an achievement in which Canadians should take pride, since Canada played a critical role in proposing and developing the concept. Our common challenge now is to ensure that it is an effective organization.

I was struck, however, by the irony of the fact that, while we were in Marrakesh signing the biggest trade liberalization package ever, we were also engaged in complex agricultural trade discussions with the United States. I would simply like to stress that, in this case, as in the case of numerous Canada-U.S. trade disputes, we would have benefited had we been able to draw on clear and agreed-upon definitions of subsidies and dumping. This is why the Canadian government is so committed to the negotiation of subsidy and anti-dumping codes with our NAFTA partners. They clearly constitute a crucial missing element necessary to secure market access within North America for our companies.

I did not come here tonight, however, to talk at length about trade policy. Trade policy in itself does not generate growth and employment. The challenge ahead is to take full advantage of recent trade policy advances, however imperfect and incomplete they might be, and to translate them into business opportunities. This is your role and the role of the business community--both multinational corporations and small- and medium-sized enterprises [SME].

The Canadian government will not sit waiting for this to happen. We have been partners in designing trade policy for Canada. We shall continue to be partners in developing trade and investment opportunities. One of the best mechanisms for support which the Canadian government provides companies based in Canada, be they

Canadian or foreign-owned, is its extensive network of trade commissioners located in more than 150 cities around the world. This includes 26 locations in the United States and Mexico, including the Canada-Mexico Business Center which will open soon.

The year 1994 marks the 100th anniversary of the Trade Commissioner Service. Trade commissioners have provided a century of invaluable and unquantifiable service to Canadian industry. Today, more than ever, they stand ready to assist individual companies. I invite you, particularly the small- and medium-sized enterprises, to call on them, to use their services and to develop a solid and ongoing working relationship with them. They can help you identify opportunities and ways of developing your business in the United States and Mexico. They can also advise you on government programs and activities which might complement your strategy. In return, they ask that you share information with them on your business objectives and contacts and that you commit yourselves to a well thought-out business development and marketing strategy.

This conference is timely, as I believe that the time is right for Canadian companies, particularly those SME's which have not already done so, to adopt an open and confident approach to exporting. Canada's economic fundamentals are sound. The recession is behind us. Inflation and interest rates are at very low levels. Our manufacturing and service industries have made substantial productivity gains. Domestic and foreign industrial investment has remained high while Canada was undergoing a profound industrial restructuring.

In addition, governments across the country are committed to fiscal discipline to support economic growth and job creation. This, in turn, should provide for an increasingly competitive tax system. There are already areas, such as the tax treatment of industrial research and development activities, where Canada stands at the forefront of most industrialised countries.

The new business environment which has emerged from the 1990-91 recession appears to have benefited most those sectors of Canadian industry which produce higher value-added products and services. These products and services are largely responsible for the surge in Canadian exports to the United States over the last three years. Overall, exports to the United States increased by 35 percent during that period. In comparison, imports from the United States during the same period increased by 24 percent.

The United States is, and will continue to be, Canada's largest trade and investment partner. We value our bilateral relationship with the United States but I would hope that we are able to address our differences without disrupting trade and investment flows and that the number of trade disputes which face us decline. We are also eager to expand our trade with Mexico and we are confident that many of our successes in the United States market will be

replicated in Mexico as it opens up to Canadian high-technology products and services.

I hope that our American and Mexican guests take full advantage of the next several days to increase further their knowledge of Canada and to explore the business opportunities we offer. As is evident from the trade and investment flows between our countries, many of you are already familiar with the Canadian market and our supply capabilities. As an investment site, we merit your attention: Canada offers the lowest aggregate risk of any international destination for U.S. and Mexican investment.

Governments in Canada are committed to enhancing the business environment and to creating or maintaining competitive conditions in which your Canadian and North American business can grow--now and for many years to come. We place particular value on the contributions that American foreign investors have made to our development and our well-being, and I look forward to working with you in the development of your international export business from your Canadian base.

Directly and indirectly, exports sustain over two million jobs in Canada. The export sector has recently been the most dynamic in stimulating economic growth, and I believe that the importance of international trade for job creation and growth in Canada will continue to increase. With exports and investment so vital to Canada's economy, we are focussing not only on the U.S. and Western European markets but also on those of the high growth countries of the Pacific Rim and Latin America.

We believe in "open regionalism" and not in closed regional trading blocs. We therefore believe that it is important that other nations have the opportunity to become part of the NAFTA, to have access as full members--committed partners prepared to open their markets and to play by the NAFTA rules, partners that take a constructive approach to international rule-making.

The Canadian government supports the improvement of the fairness, openness and predictability of world trade and investment. The multilateral trade framework continues to form the basis on which our trade policy is constructed and we shall continue to provide our active support to the GATT [General Agreement on Tariffs and Trade] system and to the new World Trade Organization.

During the course of this conference, you will be able to assess the prospects for your businesses in the new North American marketplace. The opportunities are vast and the horizons are wide. Let us draw together our skills and advantages to create an economy of unsurpassed dynamism and let us build enterprises that are even more competitive in global markets.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE EUROPEAN-ATLANTIC GROUP



LONDON, England
April 28, 1994

Canada

It gives me great pleasure to be here with you today. I would have liked to use this opportunity to describe North America's strong and vital relationship with Europe. Instead I find myself contemplating two continents that are in danger of drifting apart.

This trend cannot be said to be the result of a conscious policy choice on either side of the Atlantic, although the relationship certainly does suffer at times from a sense of benign neglect. Our difficulties, more structural than political, seem to be at a deeper level--an inability to move from a transatlantic relationship defined primarily by strategic imperatives to one defined increasingly by our shared economic interests.

There can be little doubt that the end of the Cold War has served to weaken the strategic ties that bound our two continents together for almost fifty years. Until the collapse of the Berlin wall in 1989, it was largely the Soviet threat that kept the West together in a defensive alliance. Just as this threat has now disappeared, so too has the pressure to subordinate underlying economic tensions.

Gone as well are the ideological foundations that underpinned our strategic alliance. It has been suggested that the Cold War was not primarily a war of national interests, but a war of ideas. In politics, it was a struggle of liberal democracy against collectivist totalitarianism; in economics a struggle of open, competitive markets against stifling central planning and state ownership. To paraphrase King George V, however, "we are all capitalists nowadays". Moreover, global events are increasingly driven more by technological innovations than by ideological convictions. Just as it is sometimes difficult to identify the "enemy" in an international arena defined primarily by the interplay of economic forces, so too is it sometimes difficult to recognize the values and ideals that still bind us together.

In essence, then, North America's post-war strategic partnership with Europe has given way to growing economic rivalry to which we both seem unable to adjust. The most obvious expression of this is the rising pressure on each side of the Atlantic for exclusionary regional blocs. Europe, preoccupied as it is with recession, unemployment, an ill-defined eastern border and continued turmoil in the Balkans, seems, to some North Americans, to have turned increasingly inward. Only a short time ago, "Europe 1992" was held up as a model of openness for the world. Now these same policies of regional liberalization and harmonization seem less admirable if one additional goal is to reduce or even shut out global competition. Regardless of the lip-service paid to openness and liberalization, the impression among some Canadians is of a Europe wary of globalization, disillusioned with freer trade, and beset by a fortress mentality.

North America has also begun to consolidate its own internal arrangements, partly in response to developments in Europe. For some, the recently signed North American Free Trade Agreement [NAFTA] is but the first step toward an exclusive, self-reliant hemispheric bloc--a way of securing America's economic hinterland in a world of rising competition and declining market share. Even for those who do not share this parochial vision, it remains true that North America's policy focus is shifting increasingly to the Asia-Pacific region, and to the fast-growth economies of the South China coast--and, if only implicitly, away from Europe.

The danger of this trend for Canada cannot be overstated. Europe remains our next most important economic partner after the United States, regardless of perceptions to the contrary. Last year our merchandise trade with the countries of the European Union was valued at \$25 billion, or approximately £14.5 billion. Britain alone is the third largest market for Canadian exports worldwide, the second largest importer of Canadian manufactured products, the second largest supplier of direct foreign investment, and so on. The paradox remains that if our foreign relations can be characterized by increasing indifference, even isolation, our economic relations are only deepening.

How do we rebuild a critical transatlantic bridge? No doubt there are a number of existing institutional tools such as NATO or the OECD that could be employed more effectively to further our mutual interests. However, if we are indeed living in an era when "political diplomacy" is giving way to "economic diplomacy", then any meaningful effort to strengthen relations between Europe and North America must be primarily economic in nature.

One constructive step would be to commit ourselves to a policy of "open regionalism", i.e., the notion that existing continental arrangements should be defined less by regional exclusivity than by a shared commitment to deeper levels of free trade--a GATT-plus if you will.

The new government of Canada supported the North American Free Trade Agreement on the understanding that the three members would work together to clarify the continuing and vexing questions of what constitutes a subsidy, of how dumping should be dealt with in a free trade area, and how the dispute settlement procedures might thereby be more prompt and effective. Such improvements in NAFTA would render it more open and accessible. Beyond that, however, Canada supported the North American Free Trade Agreement on the understanding that it would become just that--a non-discriminatory, comprehensive free trade regime fundamentally open to all countries prepared to abide by its rules and disciplines. A clear commitment to enlarging the NAFTA free trade zone, we argued, would not only expand market opportunities for existing members, avoid the proliferation of bilateral trade agreements that have begun to characterize the western

hemisphere, and help reduce the perceived dominance of the United States; it would also contribute to the greater goal of trade liberalization world-wide by setting in train an external dynamic to reduce tariff and non-tariff barriers.

For this reason, Canada will do what it can to facilitate the broadening of the Agreement. And we shall continue to assert that future NAFTA partners need not to be limited solely to Latin America. Although there is every good reason to recognize Chile and perhaps other Latin American countries as likely candidates, there is also every good reason to recognize that the access clause of the NAFTA text does not speak of "western hemisphere countries" but simply "countries". For their part, Singapore, Australia, New Zealand, and South Korea have, in various ways, all expressed interest. Even a special relationship with the European Union--a new Atlantic bridge--cannot be beyond our collective wit if the political will can be generated on both sides. The point is that, used constructively and dynamically, our regional trade arrangements can serve to buttress, rather than undermine, the global trading system.

Yet perhaps the single most important structure for bridging the Atlantic in the years ahead lies with the newly-formed World Trade Organization [WTO]. After 50 years, the WTO will finally put international trade on a firm institutional basis by becoming, as originally envisaged at Bretton Woods, the third pillar of the world's economic and financial structure along with the World Bank and the International Monetary Fund [IMF]. It will oversee the operation of the agreements on trade in goods, services, intellectual property, investment and other technical agreements that make up the "single undertaking" we have accepted. Most importantly, the new WTO will set in motion a process of economic liberalization and harmonization which, if successful, will ultimately render meaningless any notion of regional exclusivity. In short, in a world of true free trade, preferential regional agreements will melt away like the snows of yesteryear.

If only for this reason, Canada intends to promote a quick start to the work of the new WTO. We shall actively encourage the international community to elaborate more fully a forward-looking work program that reflects Canadian interests as well as the new issues--especially trade and the environment and the possibility of replacing anti-dumping regimes with competition policy--that have arisen through greater global integration. Canada shall also actively encourage means by which the WTO, the World Bank, and the IMF can co-ordinate their efforts to reach mutually reinforcing policy objectives. Furthermore, we shall actively encourage the prompt and meaningful accession of China, Taiwan, Saudi Arabia and Russia to the new WTO regime of rights and obligations.

What will be the relationship between Canada and Europe in the years ahead? It is surely for us to decide. The most cursory reading of Canadian history reveals the great extent to which our culture, institutions, and economy have been defined by ties to Europe. We began as colonies of European powers: first of France, then of Britain. Our population reflects the strong impact of European immigration. We have collaborated in the prosecution of wars and in the maintenance of peace. Our common membership in international organizations such as the United Nations, NATO, the OECD and now the WTO should provide a dynamic context for reinforcing the commercial, social and cultural linkages that bind us together.

We also need the courage, however, to face the new realities, to change and adapt, to form new arrangements to reflect our new relationship. Of one thing I am certain--North America and Europe will need each other in the days ahead at least as much as we have in the past.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF AN ANNOUNCEMENT
OF A GRANT TO THE NATIONAL BALLET OF CANADA



TORONTO, Ontario
May 17, 1994

Canada

Ladies and gentlemen:

It is with great pleasure that I announce today my department's support for the extended tour that the National Ballet of Canada is about to make in Germany, Luxembourg, and the Netherlands. The National Ballet will also travel to Israel for the first time — a fitting symbol of our maturing relations with a region on the brink of real peace.

The Department of Foreign Affairs and International Trade is contributing \$300 000 towards this tour. This is an investment which recognizes the artistic excellence and the international reputation of your company. I also wish to pay tribute to the Province of Ontario and to Anne Tanenbaum together with Joey and Toby Tanenbaum for their contributions in making this tour possible. This joint action clearly shows what a strong partnership between the arts and various sectors of society can achieve: a climate of confidence in which all can thrive. In this context, I invite other players in the private sector to profit from the remarkable creativity of Canadian artists, and to share the limelight with them on stages around the world.

This grant is a sign of our appreciation for the contribution the National Ballet makes to the cultural life of Canada, as well as to the projection of Canada's culture abroad. In particular, your company has put Toronto on the map as a city where dance flourishes in all its many forms. Toronto is now a centre of artistic excellence in virtually every field. This is why we view this contribution as an investment. The returns will be beneficial to all.

For all these reasons, the Canadian government regards the National Ballet of Canada as a special partner in projecting the unique personality of Canada on the international stage at a time when the international environment is undergoing a profound transformation.

This government has explicitly recognized the importance of a vibrant cultural sector, not only for our sense of belonging as Canadians, but also for Canada's place in the world. As we stated in the Red Book:

Culture is the very essence of national identity, the bedrock of national sovereignty and national pride. At a time when globalization and the information and communications revolution are erasing national borders, Canada needs more than ever to commit itself to cultural development.

The following quotation is, equally relevant:

Finding jobs, ...enhancing national unity, ...and enriching the cultural identity of Canadians are all goals inextricably linked to how Canada acts in the global arena.

In the context of my ministerial responsibilities, I am putting these policy principles into practice. The Special Joint Parliamentary Committee on the Review of Canadian Foreign Policy held a round table discussion in Ottawa on May 12, at which time these questions, and many others, were addressed. I attach great importance to the contribution of the cultural sector to the foreign policy review because of its acknowledged role in helping to chart the future course of our country and its presence and recognition abroad.

In concrete terms, the International Cultural Relations Program of my department, in co-operation with other players in this field, provides support for international touring, thereby helping to promote the viability of a unique sector of our society. Our interpreters, creators and entrepreneurs create and reflect the commonality and the individuality of our Canadian culture. Their activities inspire and encourage all of us to look beyond our daily horizons, and to participate in the celebration of life.

Your performances on the stages of major cities around the world help to define us as Canadians. There could be no better way of demonstrating the objectives of our cultural presence on the international scene.

Because of the relatively small size of our domestic cultural market, and because of its regional fragmentation, your confirmed presence in the international markets is crucial not only to your artistic development and to Canada's cultural dynamism, but also to the creation and protection of meaningful jobs. Once again Canada's domestic and international concerns are inextricably linked.

I salute your creativity, your commitment and your energy. I wish you great success in your performances in Europe and the Middle East. We are all very proud of you. I know Canada's artistic excellence will be well represented by such fine ambassadors.

Thank you.



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NOTES FOR AN ADDRESS BY THE
HONOURABLE ROY MACLAREN,
MINISTER OF INTERNATIONAL TRADE,
TO THE CANADIAN-AMERICAN BUSINESS COUNCIL



WASHINGTON, D.C.
May 24, 1994

Canada

Let me start by thanking the Canadian-American Business Council for the opportunity to address this gathering. It is customary on occasions such as these to reflect on the state of Canada-U.S. relations and, perhaps more important, to muse on the future of North America as a whole now that we are partners in a far-reaching trade agreement with Mexico.

To that end, I suppose that I could have dusted off that hoary speech about the world's longest undefended border. Or I could have reminded you for the umpteenth time that Canada is the United States' largest trading partner, that you export more to Ontario alone than to Japan, that our trade disputes affect only five percent or so of our two-way trade — and so on.

But you know all that. What I want to talk about is the fact that despite five years of bilateral free trade and now trilateral free trade, the disputes do not go away. Before the ink was dry on the final GATT [General Agreement on Tariffs and Trade] text in Marrakesh, the United States announced that it would seek to limit the import of what it alleges is subsidized Canadian grain — despite the fact that such allegations have never been substantiated by various panels and reviews, and despite the existence of a growing market vacuum which the United States has largely created itself with its own subsidy practices. The United States also persists in its eight-year effort to curtail imports of Canadian lumber — again despite repeated trade panel decisions that our lumber exports are neither subsidized nor cause injury, and despite the fact that domestic supplies are short and prices high. These, moreover, are merely the latest in a growing list of disputes — from pork, to beer, to steel — which, if allowed to escalate, risk creating a trade and investment chill between our countries.

What is going wrong? On one level, these disputes expose important aspects of the original Canada-U.S. Free Trade Agreement [FTA] and of the subsequent North American Free Trade Agreement [NAFTA] that were left unresolved in the initial negotiations — the so-called "unfinished business." Canada's original objective in 1988 was not merely to reduce tariff barriers between the two countries — this had already been achieved or was about to be achieved under the Uruguay Round. What Canada wanted was mutually agreed trade rules and exemption from the increasingly arbitrary application of U.S. trade remedy laws — laws that allow vested interests to use the courts to compete instead of the free market.

The final outcome fell short of addressing this key concern. In place of common trade rules, the FTA offered a consolation prize — a binational dispute settlement mechanism to ensure that each country's domestic trade laws were applied fairly and consistently. It did not oblige either country to bring its laws in line with the realities of an open border and an integrated market. Nor did it eliminate the time-consuming and costly legal battles which have done so much to inhibit trade between our two countries.

The advent of the NAFTA four years later did nothing to alter this basic problem. Although there were a number of improvements on the original FTA — environmental and labour standards, clarified rules of origin, agreements to cover investment and services, and, most important, an accession clause — the issue of common trade laws, the black hole at the centre of the Agreement, remained unresolved.

This absence remains significant today. It is significant because it will allow the kind of disputes we have seen in recent years over lumber, steel, and now grain to continue unabated. More importantly, it reveals a deeper cause of our bilateral difficulties — a certain waning of the United States' commitment to implement the policy of free trade. That commitment remains clear enough in the Administration's efforts to get both the NAFTA and the Uruguay Round through Congress, but paradoxically the inducements offered to secure such passage cater to local pressures by individual protectionist measures that directly contradict the global commitment.

For example, what possible economic rationale is there for preserving anti-dumping in a free trade area? Whose interests exactly are we protecting, given that our two economies are so closely integrated? Can we really afford to engage in such narrow, internecine protectionism when North America is faced with growing competition from an integrated Europe and an ascendant Asia? It is precisely these and other questions that go unanswered in the United States' instinct to appease domestic lobbies or to seize a short-term advantage.

This absence of a clear commitment to free trade is all the more surprising because the past success of our two economies has been so inextricably linked to trade liberalization and openness. It was our post-war leadership which helped to create the liberal trade and payments system that has been so central to the expansion of the world economy. It was our vision at Bretton Woods that helped build two of the great multilateral institutions of the last fifty years, the World Bank and the International Monetary Fund, although not, notably, the proposed International Trade Organization. It was our resolve that helped drive successive rounds of GATT trade liberalization, including the latest and farthest-reaching agreement in Marrakesh. The success of our freer trade policy can be measured, not simply in terms of the unprecedented expansion of world trade since 1945, but in the dynamism and strength of the North American economy today.

In the same way, North America's continued global economic leadership will not be secured by retreating into protectionism, still less by ignoring our shared economic interests. Our economic strength now and in the future will depend fundamentally on our willingness to stay on the leading edge of freer trade, to take an active and creative role in forging new relationships and in

building new structures that, over time, can extend the reach of a rules-based international order.

The NAFTA can provide a nucleus for a more open, global trading endeavour, but only if it reflects our collective desire, not to protect narrow domestic or regional interests, but to enable these interests to benefit from a more comprehensive free trade agreement — a GATT-plus if you will. Canada supported the NAFTA on the explicit understanding that the existing three partners would work together to clarify the continuing and vexing question of what constitutes a subsidy and of how dumping should be dealt with in a free trade area — issues which, if left unresolved, will deny all three countries the benefits of an integrated North American market.

Beyond that, however, Canada supported the NAFTA on the understanding that it would continue to evolve into a non-discriminatory, comprehensive free trade regime fundamentally open to all countries prepared to abide by its rules and disciplines. For this reason, we remain committed to facilitating the broadening, as well as the deepening, of the Agreement. We shall continue to assert that prospective NAFTA partners need not be limited to Latin America or even to the hemisphere.

Although there is every good reason to recognize Chile and perhaps other Western Hemisphere countries as likely candidates for inclusion, there is also every good reason to recognize that the accession clause of the NAFTA does not speak of "Western Hemisphere countries" but simply of "countries or groups of countries." For their part, Singapore, Australia, New Zealand, and Korea have, in various ways, all expressed an interest.

Canada is firmly committed to pursuing a more open, global trade strategy building on the commitments we have made regionally and multilaterally and the NAFTA is not the only vehicle available to us to expand our trade horizons. It is certainly, however, a preferred vehicle to bilateralism. The bilateral approach to expanding free trade can all too easily lead to a confusing overlap of rights and obligations, including multiple rules of origin, that will increase business costs and discourage smaller firms from becoming active traders. Surely none of us has an interest in creating a maze of overlapping agreements when a single "undertaking" is possible — especially with countries such as Chile which are obviously capable of accepting NAFTA disciplines.

Canada is also committed to an open, dynamic NAFTA because of the clear signal it would send to the global community. It would reaffirm for other countries which refuse to address our market access and market reform objectives that, in addition to our commitment to an effective World Trade Organization [WTO], North America has a longer term strategy and a clear policy direction. It would demonstrate that we at least are committed to a more open,

more structured, more plurilateral international economic order. It would also underline for those countries unwilling to move toward greater liberalization, that they risk being left behind in the wake of dynamic regionalism.

In short, a credible, dynamic, outward-looking NAFTA could be a powerful foreign policy message for the United States, Canada, and Mexico to send to other trading partners. Used constructively, the NAFTA could contribute to the goal of greater global — not merely continental — trade liberalization by setting in train an external, competitive dynamic to reduce tariff and non-tariff barriers worldwide; a building block — rather than a stumbling block — for the global trading system. Ultimately, it is to the multilateral trading system in general — and to the newly created World Trade Organization in particular — that we must look for the long-term future of free trade.

Indeed, in building a new rules-based international order, the new World Trade Organization and the NAFTA can reinforce each other. The first priority for the WTO must be to demonstrate results, to demonstrate that it can manage its own agenda, establish its own dispute settlement mechanism and prepare the way for the completion of the unfinished business of the Uruguay Round.

Trade and competition policy should be high on the work order of the WTO, as it must be in the NAFTA, but how quickly other issues, seen by some as trade related, are ready for negotiation must depend upon when, and indeed whether, broad common understanding can be elaborated and universally accepted. There remains the risk that, without such broad understanding, the result of any such initiatives would be simply additional vehicles for protectionism.

So what is to be done? Both of our countries have experienced intense and difficult debates about trade policy. Both have felt the dislocating effects of globalization. And yet, more quickly than most anticipated, both have arrived at a new crossroads. It is my sense that the NAFTA is in a somewhat precarious position at this time, one where it must either move forward — deepening its rules as well as broadening its membership — or risk slipping backward. Trade agreements are not static institutions, but changing, dynamic arrangements. Like bicycles, they thrive on momentum. With political will, we can create a new, more dynamic free trade agreement. With the right direction, the NAFTA can help to drive global free trade forward. The salient question is not so much where do we go from here, but do we have the collective resolve to move ahead?



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF THE INAUGURAL CONFERENCE
ON THE EUROPEAN STABILITY PACT

PARIS, France
May 26, 1994

Canada

We are gathered in Paris for the Inaugural Conference on the European Stability Pact. Canada supports the objectives of the Pact. Indeed, the stability of this continent to which Canada is indissolubly linked through its history and current commitments, will be strengthened by a shared determination to implement the solemn principles that we adopted in Helsinki in 1975 and 1992, and in Paris in 1990.

Only five years after enthusiasm and hope arose from the dismantling of the Berlin Wall, and despite these solemn commitments, here we are once again faced with conflicts caused by ethnic hatred and territorial aggression.

Our security depends on our ability to build prosperous societies together, with borders open to ideas and goods, and firmly based on the rule of law. Without democracy and respect for the rights of minorities, there is no sustainable security. It is disturbing that we must repeat this here at the dawn of a new millennium.

Canada views the European Stability Pact as an opportunity to pursue its work in the area of preventive diplomacy. The process launched under the Pact must be closely in keeping with the initiatives and mechanisms of the Conference on Security and Co-operation in Europe [CSCE].

The document submitted to us today proposes that round tables be established using the format in the Helsinki document. This seems to be a flexible way of bringing together those who are willing to discuss an agenda based on good neighbourly relations between countries, the essential elements of which are the inviolability of borders, respect for minorities, economic exchanges and political co-operation. Canada will seize the opportunities that present themselves in connection with work launched under the Pact to actively contribute to greater co-operation in Europe.

Canada has demonstrated throughout its history the importance it attaches to its bonds with European countries. These are expressed through our full and complete contribution to NATO and the CSCE, and our co-operation with the European Union which is in the midst of developing. We work closely with all our European friends and partners, and with the United States, to strengthen and expand our co-operation within the context of the North Atlantic Co-operation Council and the Peace Partnership Program. Some 2000 Canadian soldiers work in UNPROFOR [the United Nations Protection Force] with those from numerous countries represented here, and together we strive to find a diplomatic solution to the conflict raging in the former Yugoslavia, the worst conflict Europe has seen since 1945. Canadian representatives have participated in preventive diplomatic and conflict resolution missions in the Baltic states, in Moldavia and other hot spots in Europe.

The lessons to be learned from these common efforts are clear: our collective security is based on our transatlantic bonds. This security must be the fruit of co-operation that includes the economic, social, political and military dimensions of our relations. It is in this spirit that we welcome today this new initiative of the European Union, and we will be pleased to work with all our partners in the CSCE to make it a complete success.

Canada's security and foreign policy are linked to European security and stability. Our common security is based on the values that we share: democracy and respect for human rights and minorities.

France deserves special recognition for inspiring this initiative. Paris, which was liberated half a century ago following the deadliest conflict in our history, is an ideal place to reflect on the issues of the future.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE NATIONAL CAPITAL CHAPTER OF THE
CANADIAN INSTITUTE FOR INTERNATIONAL AFFAIRS

OTTAWA, Ontario
May 31, 1994

Canada

Mr. Hyndman, Mr. Seaborn, ladies and gentlemen, dear friends:

I am happy to be here with you this evening. Let me first thank the National Capital Chapter of the Canadian Institute of International Affairs (CIIA) for its invitation. The Institute is, and for a number of years has been, an important partner of the Government's in the conducting of its foreign policy.

The Government recognizes and appreciates the work being done by the Institute. The communication, insight and education provided by your 23 chapters across Canada are a great help. With the capabilities that we have today for sending and receiving information, it is not enough simply to see the world and its problems; we must above all be able to understand them and assess their consequences. Organizations like yours assist Canadians to interpret this daily input. With today's international information overload, we can become numb to world events. However, we must realize that these far-off problems affect not just others, but us also. Hence the importance of a coherent, flexible foreign policy.

The review of foreign policy launched by the Government reflects our desire to involve Canadians in the decision-making process. We wish to raise the awareness of Canadians concerning foreign policy issues, since such issues affect us directly. The link between national and international policy is becoming increasingly important. In some areas, such as foreign overfishing, this link is easily seen. In others, such as our relations with China, it is not as clear, although very real.

Communication is an essential part of foreign policy. I say this because I believe we cannot be successful in the implementation of our foreign policy agenda if we fail to communicate it effectively to Canadians.

As you know, this government was elected on a firm commitment to engage Canadians and Parliament in the ongoing foreign policy process. Our foreign policy review is a reflection of this commitment. We want to raise awareness among Canadians about foreign policy issues because foreign policy affects them. Whether it is foreign overfishing, unfair trading practices or humanitarian crises, issues like these can and do shape the lives of Canadians.

Making an effort to raise awareness among Canadians about foreign policy issues is also necessary because the media is constantly bombarding us with information about world events. Without a basis for understanding Canada's view on these events, it is easy for people, including well-informed experts, to draw conclusions based solely on media reports. Our China policy is a case in point. This is why I welcome the opportunity to talk about some basic principles of Canada's foreign policy under the new government and to situate our relationship with China in that context.

Consistent with the Red Book but without prejudging the outcome of the foreign policy review, I have identified four policy principles as a basis for our foreign policy.

As stated earlier, the Government is seeking to democratize the foreign policy decision-making process. A two-day National Forum on Canada's International Relations was held in Ottawa in March. Parliament has already debated major foreign and defence policy issues five times in the last six months. A parliamentary committee is undertaking a review of Canada's foreign policy. I am personally involved in a parallel set of consultations with a wide range of Canadians with invaluable experience and knowledge in foreign policy, such as the people in this room.

A second principle is our commitment to promoting the full range of Canada's interests and values in the conduct of our international affairs, be they human rights, the environment, the economy or trade.

A third principle is setting a more independent course for Canada vis-à-vis the United States. The United States remains our most important partner and ally. However, we will not hesitate to pursue distinct approaches when it is in Canada's interest to do so, as exemplified by ideas we are promoting on Cuba and Haiti. This does not prevent us from working closely with the Americans on issues of common concern such as Bosnia, where we have warmly endorsed American leadership.

The fourth principle of this government is our determination to reaffirm Canada's commitment to multilateralism, and to modernize it in the context of the approaching 21st century. This is why we are actively working toward UN reform. Canada is also seeking ways to improve the effectiveness of the OAS [the Organization of American States], the Commonwealth, La Francophonie and the G-7 [Group of Seven (leading industrialized countries)]. Canada has called as well for the creation of an Arctic Council to promote circumpolar co-operation.

These foreign policy principles are important. It is equally important, however, to incorporate them in foreign policy and to communicate both principle and policy to Canadians in a clear fashion. This is why I welcome this opportunity tonight to speak to you about a particularly complex issue — our relationship with China.

Many commentators have reduced our relations with China to a debate over the link between trade and human rights. Our government's policy starts with the premise that trade and the promotion of human rights are part of a larger set of policy objectives, which are, in fact, mutually reinforcing.

In dealing with China, we must keep in mind some basic realities. One in five of the earth's inhabitants lives in China. There are five nuclear powers and China is one of them. There are five permanent members of the UN Security Council and China is one of them. China is now the world's 10th largest trading nation and has one of the world's highest economic growth rates.

A second set of realities are the basic objectives of our new government: to create jobs and sustained economic growth; to promote international peace and security; to expand trade opportunities in order to help meet our economic growth goals; and, to ensure that Canadian values are reflected in public policy decisions.

Our policy toward China is based on these realities. Each of the foreign policy principles I outlined applies to China and constitutes the framework within which we approach our relations with that country. This framework is built on four pillars: economic partnership, sustainable development, peace and security, and human rights and the rule of law.

We will not sacrifice one at the expense of another, and it is my belief that we have not done so in our approach to China. Only this kind of systematic and wide-ranging contact will be most likely to lead to calls within Chinese society for greater openness and freedom.

Economic partnership

I was interested to note that last week a prominent Canadian politician agreed that trade with China is important. As he said: "We will not advance the cause of human rights one whit by pulling away from extensive commercial, cultural, educational ties." For once I totally agree with Premier Bob Rae of Ontario!

China has undergone and is continuing to undergo an enormous economic transformation. Annual growth rates are over 12 percent and, in southern China, an impressive 20 percent.

We have to position ourselves now to build an economic partnership with China that will create jobs and prosperity in Canada and will also benefit the people of China.

Under the previous government, in the four years after Tiananmen Square, trade with China had increased 50 percent. Under this government, trade is continuing to increase. The difference is we do not try to hide that fact. Wheat has been our biggest export to China. This trade is beneficial not only for Canada, but also for China and its massive population. Now, however, our exports are expanding into other areas which offer a wide range of opportunities for Canadian companies across Canada. Canada's recognized capabilities in telecommunications, electrical energy,

oil and gas, transportation and agriculture provide a perfect match for China's enormous economic development needs.

This government recognizes that high-level political contacts are and will continue to be an important element in opening doors for Canadian companies and making senior Chinese leaders aware of Canadian capabilities. That is why this year will see many high-level visits between Canada and China, culminating in the visit of the Prime Minister to China in November.

It is because Canada firmly believes in an international trading regime based on agreed and predictable rules that we strongly support China's entry into the new World Trade Organization (WTO). That membership, however, brings obligations, not just benefits. The WTO will have standards and codes of conduct which would bind China just as they bind any other member.

It is our view that conditionality of trade on respect for human rights is not a fruitful path to follow. Washington's decision last week to renew China's most-favored-nation status shows that the United States administration has also reached this conclusion.

Sustainable development

Sustainable development is the second pillar on which our relations with China are built. Canadians believe that it is essential to protect the environment while promoting economic growth. We will build a solid economic relationship with China if, and only if, the latter's development is sustainable.

In order to do this, countries like Canada must provide support to China — support that incorporates not only the economic aspects of development, but the social, political and environmental aspects as well. Allow me to use environmental protection as an example. China's burgeoning population is placing considerable pressure on its natural resources. It has to have enough water and arable land to feed over a billion people. However, water shortages in China are increasingly frequent and serious. The beds bearing underground water are gradually deteriorating. The level of lake and river pollution is alarming. Erosion, salinization and urbanization are taking their toll on agricultural land. China is the world's largest consumer of coal, and coal-fed electrical generators are the engine of its growing economy. However, the human and environmental cost of burning coal is tremendous. Air quality and acid rain are problems of an urgency unknown in Canada. The impact of this on global warming must not go unheeded by the international community.

Canada can assist China to increase its ability to manage its environment. This we can achieve through economic ties and

through our Development Aid Program, which gives access to Canadian technologies and services, technical training, management expertise and applied research. We shall also continue to work through multilateral institutions.

Canada and China continue to support efforts to deal with the question of air and water quality under a special environmental Memorandum of Understanding between our respective governments. We will continue to help finance and assist a high-level council of experts on environment and development. Within the context of updating our bilateral Development Assistance Program with China, we will be looking at innovative and creative means to give even greater substance to our efforts to co-operate with China in the environmental sector.

CIDA [the Canadian International Development Agency] will be asked to continue to help the Chinese government develop national policies that recognize the links between economic growth, social development and the environment and continue to support other activities and institutions in China to ensure progress in these areas. This will help provide opportunities for Canadian companies to promote environmental technologies in China, consistent with our Red Book commitments, as well as for academic and non-governmental institutions to provide their invaluable expertise.

Peace and security

Canadians have long been committed to promoting international peace and security. In Asia, peace and security obviously require the full participation of one of the most powerful and influential countries in the region.

This government believes that regional multilateral organizations should play an increasingly important role in the 21st century. We therefore intend to engage China in a dialogue on regional security questions. To this end, we have invited a high-level delegation from China to visit Canada in the near future to discuss regional security and non-proliferation questions.

From a regional security perspective, no issue is more troubling than heightened tensions on the Korean peninsula. It is absolutely clear that any deterioration in the security situation there would have grave consequences for Canadian interests. China has a major role to play in defusing those tensions.

Canada has been an important player in nuclear non-proliferation talks. Negotiations will soon begin on the indefinite extension of the Non-Proliferation Treaty and on a Comprehensive Test Ban Treaty. If we view these treaties as essential to world peace and security, then we must engage all the parties concerned including China, as a major nuclear power. Our objective in our

discussions with China will be to seek their support for the early conclusion of both these important treaties. Canada would view any further testing of nuclear devices as harmful to this process.

On the bilateral level we will shortly begin negotiations with China on a Nuclear Co-operation Agreement. As you know, Canada has among the most stringent non-proliferation guarantees. If China accepts our conditions it will be another invaluable instrument in binding China to norms of international non-proliferation practice.

Our efforts need not and should not be limited to nuclear weapons. We must also seek China's co-operation in promoting restrictions on global sales of conventional weapons, as well as policies to support the conversion of arms industries to peaceful purposes.

These are all issues I will be raising shortly in my up-coming visit to Beijing as well as when I join the Chinese leaders in the ASEAN [Association of Southeast Asian Nations] Regional Security Forum in Bangkok. The Prime Minister will also promote these issues during his own visit to China in November.

Human Rights, Good-governance and the Rule of Law

This weekend will mark the fifth anniversary of the tragic events of Tiananmen Square. When they occurred, in a special House of Commons debate, I and my colleagues condemned the Chinese authorities for these acts of senseless violence. The question we must now ask ourselves is this: What can Canada do to promote dialogue rather than confrontation?

Respect for human rights is an essential part of Canadian foreign policy. Canadians expect their elected representatives to abide by the democratic principles on which our society is built. We believe that China will achieve long-term stability only through greater respect for human rights and the rule of law. Last year in Vienna, China joined with the international community in affirming its support for the United Nations Declaration on Human Rights. Canada must continue to work with other countries to ensure that China respects its obligations under the Declaration. This was affirmed in a resolution voted on two weeks ago in my party's Policy Convention.

On a bilateral basis, we have also expressed our concerns on human rights to the Chinese leadership during high-level visits and meetings. The Prime Minister first did so with President Jiang Zemin last November in Seattle and, most recently, both the Prime Minister and I did so with Vice Premier Zou Jiahua here in Ottawa last month. We will continue to do so in future visits, including my own to Beijing this July. We may not agree on

certain ideas or principles but we will not walk away from the table. Our objectives will not be achieved by doing so. Instead, we will talk frankly and openly about human rights and we will continue to denounce gross violations when they occur.

Let me say that the rule of law and the development of open political systems go hand in hand with respect for human rights. In this context the question of Hong Kong is relevant. When I go to Asia, I will underline Canada's support for a clear and unequivocal commitment that the future government of Hong Kong will respect the rule of law and will be responsive to the needs of the people who live there. Over 40 000 Canadians resident in Hong Kong and major economic interests there give Canada an important stake in Hong Kong's future. We will continue to make it clear that we want to see a smooth transition of power in 1997 that preserves Hong Kong's prosperity, stability and autonomy. Here again we must ensure that the lines of communication with China remain open.

New programs are currently being developed within my department and CIDA designed to engage the Chinese in a constructive dialogue on human rights. We are planning for a high-level delegation to visit Canada to discuss such specific issues as good government, the rule of law and democratic participation. This delegation will be exposed to the functioning of Canada's democratic system. The Government will also be funding a joint research project between the University of Ottawa's Human Rights Centre and Beijing University.

Conclusion

In 1970 the Liberal government of which I was a part took the bold and imaginative step of recognizing the People's Republic of China. I am proud of that achievement. We showed foresight and vision then, and I believe that act, which inspired other countries to take similar steps, helped to create the conditions for China to embark on a process of economic reform and opening to the outside world.

Canadians believe in healthy, balanced trading relationships. This is what we are developing with China. Canadians believe in sustainable development. We are helping China attain such development. Canadians believe in peace and security. We are seeking China's support on these issues. Canadians believe in human rights and the rule of law. We address this question at every opportunity with China's leadership and are developing a constructive dialogue with them.

As you can see, our relationship with China goes far beyond the trade versus human rights argument. It is a complex, evolving and serious relationship based on co-operation, dialogue and exchange. It is deeply rooted in the four foreign policy

principles I have outlined and recognizes the merits of engagement and the dangers of isolation.

Napoleon said, "When China wakes up, the world will tremble." The Chinese giant is slowly awakening from its millennial sleep. As Alain Peyrefitte observed, "All of a sudden the Chinese, ever immobilized in the eternal present, have come face to face with the future."

Canada must do its part to ensure that, as it changes, China incorporates the principles of democracy, peace, security, co-operation and sustainable development that we value — not only for our sake, but for China's also. We will tremble more if we are caught unprepared, or, worse still, if China collapses.

We know that a country cannot isolate itself or hide itself. Mutual commitments and mutually beneficial relationships will bring China out of its isolation and keep it from turning inward.

Thank you.



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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS
BY THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE AMERICAS SOCIETY

NEW YORK, New York
May 31, 1994

Canada

It gives me great pleasure to be here with you today. The Americas Society has long provided an important and distinguished forum for discussing issues of common concern to the countries that share the western hemisphere. Its role is clearly much more important at a time when North America's future direction in the world seems unclear.

In a rather cheerless passage in his recent book, Henry Kissinger describes America as a mere "island off the shore of the Eurasian land mass." This image of North America as an island is a significant one, not simply because of the obvious geopolitical implications, but because it expresses how many North Americans feel in a world in which they are no longer pre-eminent, and which seems to some increasingly uncertain and unstable. Not since the 1920s and 1930s has isolationism had a more pervasive, if superficial, appeal in public discourse. Not since the United States' refusal to participate in the League of Nations has North America's willingness to exercise leadership seemed so ambivalent.

Indeed, certain parallels with the decades after the First World War are striking. Then, as now, strategic alliances had given way to economic rivalries and competition. Then, as now, problems associated with economic insecurity created pressures for domestic protection. Then, as now, the choice for North America was between leading in the creation of new forms of international co-operation or turning inward on itself.

The danger facing North America today is that we might allow history to repeat itself. It is one of the paradoxes of globalization that as economies have grown more interdependent, national governments have become increasingly preoccupied with problems of economic adjustment and advantage. None of us can escape these pressures, including Canada. But of particular concern, because of the sheer size and magnitude of its economy, is the current trade agenda of the United States which, influenced by protectionist lobbies and interests, shows a worrying tendency toward unilateralism in its dealings with the world. Last week in Washington I used the opportunity to talk about the current state of the Canada/United States bilateral trade relationship. Although we have created the world's largest trade relationship — one in which the vast majority of our two-way trade flows without impediment — we still face a number of corrosive disputes that reflect, for the most part, the triumph of selective sectoral, domestic, political interests over national interests.

The critical question is whether this is part of a broader pattern of U.S. trade policy. Already, there are a number of worrying signs. Consensus support for multilaterally negotiated rules and procedures is being challenged by calls for "managed trade", "numerical targets" and "results-oriented" policies. Underpinning this approach are ideas associated with so-called strategic trade policy or neo-mercantilism. Powerful players act

as if multilateral, regional and bilateral negotiations are little more than simple manoeuvres in an international "us" versus "them" war for jobs, growth and most important, technology. Trade becomes a zero sum game, a win/lose struggle of the economically fittest. The logic that a "beggar-thy-neighbour" trade policy, while perhaps providing the appearance of gain and relative advantage over the short term, leads only to diminished growth and employment over the longer run, risks being forgotten in the scramble for economic security.

The danger of this trend for the global economic order can hardly be overstated. It was, after all, North America's postwar economic leadership that was instrumental in creating those liberal trade and payments system so central to the expansion of the world economy. It was the foresight we demonstrated at Bretton Woods that helped to build the great multilateral institutions of the last 50 years — the World Bank, the International Monetary Fund and the General Agreement on Tariffs and Trade. And it was our common resolve that helped to drive successive rounds of GATT trade liberalization, including the latest and farthest-reaching agreement in Marrakesh. The success of this open, multilateralist trade policy should not be measured simply in terms of the unprecedented expansion of world trade since 1945. The success must also be measured in the dynamism and strength of the North American economy today.

In the same way, North America's continued global economic leadership will not be secured by retreating from multilateral trade — by becoming "an island unto itself." Our economic strength now and in the future depends fundamentally on our willingness to take a leading role in building a more open, rules-based trading system, in forging new relations and in building new structures that, over time, can extend the reach of the international trading order.

The NAFTA [North American Free Trade Agreement] can provide a nucleus for building a more open, more dynamic global trading order. It can do so, however, only if it reflects our collective desire, not to protect domestic or regional interests against competition, but to enable these interests to benefit from a more comprehensive rules-based regime. That is, we must recommit ourselves to a wider and deeper level of free trade. At a minimum, this means living by both the letter and the spirit of the existing agreement. Without the ability to look beyond narrow, short-term interests and to keep our focus on the shared national goal of sustained economic growth, we know from experience that the sterile forces of protectionism will work inexorably to turn the clock backwards.

We must set our collective sights on moving the NAFTA forward — on building a broader and deeper agreement. On the one hand, this means ensuring that it remains fundamentally open to all

countries that are prepared to abide by its rules and disciplines. I would remind you that the NAFTA accession clause does not limit membership to the Americas — that expansion is in no way constrained by a north-south axis — although clearly interest at this point is highest in this hemisphere, starting with Chile. Yet what should — and must — remain the litmus test for membership is a willingness to commit to more intensive, more comprehensive rules-based trade.

On the other hand, as we focus on new members, we must also focus on the opportunities for deepening the NAFTA — a logical outcome of the greater economic integration of North America. In the NAFTA we have created certain mechanisms and rules to help make this happen. In the months and years ahead, some 25 NAFTA commissions, committees and working groups will deal with the nuts and bolts questions of enhancing our free trade area. The higher political profile has gone to the Labour and Environment Commissions, but there are many other NAFTA groups that will meet regularly to address the more prosaic stuff of trade — rules of origin, quality standards for agriculture, telecommunications standards, labelling of textile and apparel goods, temporary entry for business people — and so forth.

By far the two most important — and most far-reaching — of these working groups are the ones established recently to clarify how subsidies and dumping should be dealt with in our free trade area, and how we should work to establish common rules of trade among the three NAFTA partners. It will not be an easy task to agree on these issues, but our success in this endeavour will signal whether North America's common economic interests can transcend narrower domestic concerns.

This, in turn, will have implications well beyond North America. It would show other countries that refuse to address our market access and market reform objectives that, in addition to our commitment to the World Trade Organization [WTO], North America has a long-term strategy and a clear policy direction. It would demonstrate that we at least are committed to a more open, more structured, more plurilateral international economic order. It would also underline for those countries unwilling to move toward greater liberalization that they risk being left behind in the wake of dynamic regionalism.

Indeed, perhaps the principal value of the NAFTA in the long run is its potential to set in motion an external, competitive dynamic to reduce tariff and non-tariff barriers worldwide — its potential, that is, to kick-start a new round of global trade liberalization. For ultimately, it is to the multilateral trading system in general — and to the newly created World Trade Organization in particular — that we must look for the long-term future of free trade.

Already, the link between what we have done trilaterally and the broader multilateral trade agenda has been a direct one. For example, on the issue of trade and environment, the discussions that have taken place in the GATT reflect our negotiating experience with the two NAFTA side agreements. In dealing with the ambitious agenda we face at the WTO, especially on newly emerging trade issues, the NAFTA could again provide a crucible for forging a new consensus and for developing new approaches as we seek to expand the boundaries of the rules-based trading system.

The precise nature of future international undertakings on these new "trade" issues is unclear. Issues underlying the relationship between trade and labour standards, trade and competition policy and trade and investment are something with which all nations are grappling. Although I shall not attempt to set out here all the policy choices that lie before us — in any event the international trading system is now too complex to be amenable to single policy prescriptions — we can commit ourselves to the principles that must guide us in shaping a new global economic order.

First, Canada does not support the use of trade sanctions to impose standards of conduct. This may be easy to understand in the Canada/United States context, where we fought hard against such a provision in the NAFTA side agreement negotiations. That position is just as applicable in the multilateral arena. Quite apart from the question of fairness, in a world that is becoming increasingly interdependent, where the one common denominator is adherence to a market-based system, the costs of authorizing any one country to use its economic muscle to impose its own standards are too high for all.

Second, we in Canada are mindful of the need to guard against the possibility that new rules can become a vehicle for new protectionism, unless they are carefully worded and unless they reflect a broad international consensus. In this respect, we are sensitive to the concerns of those countries — developing and developed alike — which fear that new rules may be aimed at erecting barriers to their exports.

Third, Canada does want to ensure that the rules of the multilateral trading system are complementary to, and not contrary to, the attainment of broader societal objectives. In the case of trade and environment, we are committed to the goal of sustainable development. With respect to trade and labour standards, we endorse the need for compliance with internationally recognized labour standards.

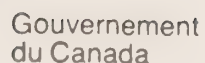
Finally, in developing national positions, we must involve all interests in our society — provinces and states, NGOs [non-governmental organizations], unions and the private sector.

Without their considered input, we run the risk of promoting policies that do not reflect societal consensus. Trade negotiations have become more complicated, more intrusive and more domestic than they have ever been in the past; they will become even more so in the years ahead. If we are serious about framing international rules that will change not only our external trade relations, but the internal ordering of our societies, then we have to ensure that this domestic consensus is achieved through meaningful consultation and cooperation.

But to do this, we in North America must first reaffirm our commitment to open, liberalized trade. We must reject unilateral power and uphold the principles of multilateral rule making, as embodied above all in the new WTO. We must reassert our leadership in the global trading order.

The world is now watching the United States and the way in which Congress implements the Uruguay Round legislation. How this important business is addressed will profoundly influence the way the rest of the world treats the Uruguay Round result and, indeed, the future health of the multilateral trading system.

Shall we together continue to exercise the necessary leadership? And if not, who will? Europe seems preoccupied with its own internal difficulties and suspicious of global competition. In Asia, it is a question of whether certain countries adhere to the principles of market economics, let alone to more open trade. To some extent, the reality of this diverse and interdependent global economy is something with which Canada is more familiar than the United States. Canada, as a middle power reliant on international trade, has had to work hard at developing procedures and institutions that allow the rule of law to prevail over the rule of force. Faced with the realities of diminishing relative economic power and increasing dependence on global trade, it is my sense that this reality is becoming more immediate for the United States as well.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE INTERNATIONAL BUSINESS SYMPOSIUM

MARKHAM, Ontario
June 1, 1994

Canadă

I am delighted to have been asked to address this international business symposium particularly in light of its theme "The Borderless World — Thriving in a Global Economy."

As Secretary of State (Asia-Pacific), I advise the Minister of Foreign Affairs on Asia-Pacific matters and assist the Minister of International Trade in his efforts to open up Asia-Pacific markets to Canadian business. In this role I am constantly reminded of just how truly borderless the world is becoming. The trend towards globalization that has affected international business is unprecedented. The wide array of trade and investment ties between Canada and the rapidly growing economies of the Asia-Pacific region amply demonstrate this. I offer my compliments to the sponsors of the symposium for having selected such a relevant and appropriate theme for tomorrow's session.

Trade — exports, investment and technology transfer — is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one-quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on this government's economic agenda.

Considerable progress has been made in recent months in bringing down trade barriers. We have had a successful conclusion, after almost seven years of negotiation, to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. We have committed ourselves to the North American Free Trade Agreement — NAFTA.

We have also worked hard to build bridges to Asia-Pacific markets through such vehicles as the Action Plan for Japan and extensive trade missions to the region. We are members of the Asia-Pacific Economic Co-operation (APEC) forum and we hold annual consultations as a partner country with the Association of Southeast Asian Nations (ASEAN). The Government is taking seriously its responsibilities to manage Canada's presence in the global marketplace.

As our trade grows, we frequently encounter political conditions that are different from those we enjoy in Canada. We respect time-honoured traditions and cultures, but as Canadians we cannot turn aside from violations of human rights. As a Government, we raise our concerns in this area with our trading partners. We shall continue to do so.

I must point out, however, that trade and human rights are not mutually exclusive. In fact, trade itself is a force for human rights. Increased attention to political rights invariably moves forward in tandem with economic liberalization. Governments that open their doors to international trade are more sensitive to the views and reactions of others. Greater economic freedom encourages the growth of political freedom.

There is no better means to spread the message of freedom than through the people-to-people contact of day-to-day trade. The Government of Canada has no qualms, therefore, about Canadian businesses seeking to expand their horizons in a variety of world markets.

Business people have told us in the Department of Foreign Affairs and International Trade that the most valuable service we provide to the business community is market information and market intelligence. You have indicated that if we have to do less, we should do less, but do it better.

The Government, therefore, is refocusing its efforts to improve the way in which we gather and disseminate information and intelligence. We are looking at novel ways of applying technology to help us communicate business opportunities more quickly and more effectively. We are forming networks of expertise to ensure that individual Canadian firms are informed in a timely manner of suitable business opportunities. We are working to improve the training of our officers so that they will be able to serve you better when you contact them for assistance.

To tackle the problems inherent in having too many players in the international trade game, we are working at the federal level and with the provinces to develop and apply a Team Canada approach to support for Canadian international business development. The aim here is to reduce duplication among government departments and the provinces and to co-ordinate our activities better. The concept is to provide coherent, consistent and comprehensive government support for international business development — support that is well communicated and easily accessible to the business community in Canada.

With the formal blessing of the Trade Team Canada concept by Federal-Provincial Ministers of Trade in March, officials are working now to implement the approach. We are striving for a pragmatic, client-oriented approach which will broaden and deepen our existing efforts to integrate and co-ordinate our international business development support to meet the needs of Canadian business.

Currently, 60 percent of all Canadian exports are made by just 100 firms. Less than eight percent of Canadian business, and only 15 percent of Canadian manufacturers, are directly engaged in exporting.

Yet during 1992 and 1993, 85 percent of all new jobs in Canada were created by small business. Many of those jobs are quality jobs that require superior skills and offer an outstanding work environment. Canadians need quality jobs. To help create more of them, the Government is going to place much more emphasis on

today's strongest job-creation sector — small and medium size enterprises.

As part of the Government's commitment to small and medium size enterprises, or SMEs, officials of the Department of Foreign Affairs and International Trade have been instructed to explore ways to encourage more SMEs to do business globally. They have been asked to pay particular attention to how our federal international business development support could be structured to respond better to SMEs' needs. Officials of several federal departments are now engaged in an extensive review of the financing requirements of SMEs, including export financing.

Those of you who are familiar with the Trade Commissioner Service may be aware that 1994 marks its 100th anniversary. It was in 1894 that Canada's first professional Trade Commissioner, John S. Larke, was sent to Australia where he served for 15 years. At the time, the order-in-council authorizing their creation specified that Trade Commissioners were appointed "for the purpose of collecting information, and with whom correspondence may be had by Canadians interested in trade with the countries in which they reside." Although that definition continues to apply today, I'm sure you will agree that the world in which today's Trade Commissioners operate is vastly different from the one John Larke faced in 1894.

On the occasion of its centenary, the Government is committed to reexamining the role of the Trade Commissioner Service and we are eager to have the input of the Canadian business community in this effort. A series of mini-conferences is planned under the title "Launching the Second Century" to obtain the views of business across Canada and abroad on a number of topics bearing on the future of the Trade Commissioner Service. These discussions will culminate in a national conference in Toronto on October 3, to immediately precede the 51st annual convention of the Canadian Exporters' Association and the 12th annual Canada Export Award ceremony.

The Trade Commissioner Service is the most tangible and strategic network the federal government has to offer Canadian business engaged in international business development. We are committed to increasing its effectiveness in serving Canadian companies. We are determined to provide you with better market intelligence. We are determined to better serve the special needs of SMEs. We are also determined that you will find trade commissioners in the places and at the times you need them most. Above all, the Trade Commissioner Service will continue to strive for excellence as it looks forward to another century of service to Canada and to Canadian exporters.

Thank you.



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AN ADDRESS BY

THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
TO THE 24TH GENERAL ASSEMBLY OF THE
ORGANIZATION OF AMERICAN STATES

BELÉM, Brazil
June 7, 1994

Canada

Mr. Chairman, Excellencies, foreign ministers of the hemisphere, Mr. Secretary-General, Mr. Assistant Secretary-General, ladies and gentlemen, friends:

My first opportunity to participate in an OAS [Organization of American States] General Assembly came just a few short months ago in Washington. It is indeed a very great pleasure for me to be here at my second Assembly and to renew acquaintance with so many of my colleagues from around the region. I look forward to working closely with all of you over the coming months and years toward achievement of our common goals.

Mr. Chairman, on behalf of the Canadian delegation, I would like to congratulate you on your election and to assure you of the full support and co-operation of my delegation over the coming week of deliberations.

I must also extend our sincere thanks to the Government of Brazil for its generosity in hosting this major event, for the cordial hospitality which they have extended to all of us, and for the superb organization of the week's events in this unique setting. I am sure that I am not alone in being impressed at being here in Belém, at the mouth of one of the world's greatest rivers.

Belém bears another distinction and that is being the birthplace of the outgoing Secretary General of the OAS, Mr. João Baena Soares. On behalf of the Canadian government, I must extend to you, Mr. Secretary-General, our sincere appreciation for the tremendous service which you have rendered to this Organization over the past 10 years.

Your mandate has coincided with a period of tremendous change in the hemisphere — both economic and political — and the OAS has, under your leadership, evolved with those changes. Not so many years ago, it was commonplace to hear doubts and concerns about the relevance and usefulness of the Organization. Those days are gone — the OAS has truly come into its own — and you, Mr. Secretary-General, have had a large part in that transformation. Please accept our very best wishes for much success, health and happiness in your future endeavours.

I would also like at this point to offer my congratulations to the Secretary-General-elect, President César Gaviria of Colombia, even though he could not be here with us today. Mr. Gaviria has a challenging job ahead of him — the Organization is still evolving and there remains much work to be done. However, Mr. Gaviria's previous incarnation has shown that he is not afraid of challenges and I am confident he will rise to the task.

This General Assembly comes during a time of change for Canada as well. As many of you may know, the party to which I belong, the Liberal Party, came to power in Canada in late 1993. My appointment as Secretary of State for Latin America provided immediate and tangible proof of our Prime Minister's desire to

give priority to actively expanding relations with the region. Indeed, this was one of the components of our Party's election platform.

Since coming to power, our government has also initiated a major foreign policy review. In the course of these deliberations and in other fora, we have outlined a number of priorities for the Western Hemisphere — chief among these are sustainable development, democratic development and good governance, trade and economic integration, and security issues.

Promoting sustainable development in the region is a key issue for the Government of Canada. We must tackle the problems of poverty and under-development in the hemisphere in ways that are environmentally sound and sustainable. Sustainable development, democratic development and good governance, in combination with economic integration and trade, and security issues, must all be central to hemispheric community development. However, if we do not work together to reduce social and economic inequalities and develop economic benefits in a sustainable way, all other policy areas become irrelevant. There will be no environment to build upon.

Canada has been seeking, within the OAS Environment Committee, to encourage a more active role for the OAS in promoting the implementation of Agenda 21 at the regional level. We have before us at this General Assembly a resolution which proposes closer links with the United Nations Commission for Sustainable Development, a body created by the 1992 Earth Conference — also held here in Brazil. We will also have a resolution calling for the holding of an OAS meeting of experts, with the aim of complementing the Commission's ongoing work on Agenda 21.

In this spirit, I am pleased to announce the offer of the Government of Canada to host such a meeting of experts on the topic of environmentally sound technologies. This is a cross-cutting theme of the Commission's work program and was the focus of significant debate at its most recent meeting. The OAS will be the first regional body to respond to the Commission's invitation for organizations outside the UN system to contribute to its work. It is our hope that this initiative will serve as a shining example to the rest of the world of what can be achieved in terms of regional environmental co-operation.

Another priority for the Government of Canada in our relations with the region is encouraging democracy and the strengthening of democratic institutions and processes. Virtually all of the governments in this hemisphere are democratically elected and that is a feat of which we should all be very proud. However, this does not mean we can afford to be complacent. Democracy is absolutely fundamental to the well-being of our nations in terms of peace and stability, social and economic growth and human

rights observance. We must ensure that we create the conditions necessary for it to take root and flourish throughout the hemisphere.

Elections are critical but only the first step on the path of democratic development. All democratic nations, including Canada, are continually pressed to implement new legislation, policy and regulations to enhance freedom, equality and peace within their borders.

The OAS has taken a number of very positive steps in this regard over the past few years. Indeed, it has proven itself a veritable guardian of hemispheric democracy. The political commitments to democracy given by the membership at recent General Assemblies, culminating last year with the Protocol of Washington and the Declaration of Managua, are evidence that the countries of this hemisphere cherish democracy and all that it represents. Canada was the first country to ratify the Protocol of Washington in October 1993, and we would urge all our fellow members to join us in this concrete expression of the OAS's dedication to upholding and preserving democratic rule.

Canada remains convinced that the Unit for the Promotion of Democracy, created in 1990, has a crucial role to play in helping governments of the hemisphere to lay the appropriate foundations for long-term democratic development. Its current work plan, with its focus on practical training for legislators and senior officials, grassroots education campaigns, and so forth, is extremely promising. The OAS can do more to assist national governments in strengthening democratic institutions including the parliaments and judiciaries.

The continuing impasse on Haiti is a potent reminder of the importance of these sorts of efforts. I think we would all agree, in retrospect, that had Haiti's fledgling democratic institutions been provided with more support following the election of President Aristide, we might not still be in the difficult situation we are in today. As one of the Friends of the Secretary-General, we have taken a leading role for some time in promoting sanctions, dialogue and our own nation's participation in UN-sponsored presence in Haiti, in order to restore democracy in that country. As members of the United Nations, we pressed for the recent Security Council resolution imposing a strengthening of sanctions against the de facto regime. Canada believes that firm signals of our collective commitment to democracy and our determination to see President Aristide restored are the best means, at present, to convince the illegitimate regime to relinquish power.

I would like to say a word about another country in our hemisphere whose people do not enjoy the benefits of democracy — that country is Cuba, whose membership in our organization has

been suspended since 1962. Canada believes that isolation by its nature is unhealthy, especially at an important time of transition in Cuba. It is in all our interests, individually and as an organization, as well as in the interests of the people of Cuba, that we support a process of change in Cuba that is positive and orderly. We in the Canadian government are examining ways in which we can enhance our own dialogue with Cuba. We also believe it is important for the OAS and Cuba to examine how we can fulfil the vision of the founders of this organization for universal hemispheric participation. Cuba is a part of that vision. In looking ahead, it of course will be essential to take full account of our resolutions and our determination with respect to human rights and democratic development.

The strengthening of human rights instruments and institutions in the hemisphere is another key issue for the Canadian government. In our view, the Inter-American Court and Commission are unique and extremely important mechanisms for protecting and promoting human rights in the region. The defence of human rights is one of the fundamental principles of the OAS and, as a membership, we must ensure that these institutions are given the wherewithal to execute their mandates fully, effectively and objectively. This implies not only increased human and financial resources — although these are indisputably in order — but also increased moral support from all member states.

Canada has been an ardent and steadfast defender of the Commission since joining the OAS. The fact that this year two cases were opened by the Commission against Canada has not changed our attitude. Canada believes that the essential test of a member state's commitment to human rights promotion within the OAS is its readiness to co-operate and participate openly and fully in the deliberations of the Court and Commission. Canada was pleased to see, during this year's debate on the Commission's report, that many of the countries which were the subject of country reports, or of specific cases, took a more constructive approach than in the past: they acknowledged that their systems were not perfect, provided clarifications where they thought appropriate, and, in so doing, demonstrated the ultimate value and significance of the Commission's work. We would urge all member states to follow their example.

In the area of women's rights, Canada has been actively involved — over the past three years — in the drafting of an Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women. This involvement is consistent with the steps Canada has taken in other multilateral fora to address one of the most pervasive and serious forms of human rights abuses. These actions have included the initiation of a United Nations Declaration on the Elimination of Violence Against Women, adopted by the 48th Session of the United Nations General

Assembly in December 1993, and our success earlier this year in securing agreement by the UN Commission on Human Rights to appoint a Special Rapporteur on Violence against Women.

We were therefore pleased to see the Inter-American Commission of Women take up this important theme and have been very supportive of the efforts which have led to the Draft Convention before us at this General Assembly. That being said, I must note that Canada would have preferred additional consideration of this precedent-setting instrument in order to refine and clarify its provisions even further so that, in the end, it could be held up to all the world as an unassailable model of excellence.

My government is intent, as well, on increasing our trade and investment links with the region. NAFTA [the North American Free Trade Agreement] is an example of the fruitful co-operation which can be achieved in this area, and we are encouraging other countries of the region to consider taking the steps which will allow for their eventual accession to NAFTA. Canada is also encouraged by the transformation of the former CECOM — which had basically become a narrow forum for airing trade complaints — into the new Special Committee on Trade. This committee will have a broader, more forward-looking agenda and will promote dialogue and co-operation on a wide range of trade policy issues. Canada believes that, backed by solid technical analysis, the Special Committee on Trade will be able to play an effective role in fostering regional trade and economic integration.

Finally, building a framework for co-operative security in the hemisphere remains a key goal for Canada. The OAS has moved ahead steadily in providing a forum for consultation, dialogue and practical co-operation in a number of important areas including non-proliferation, conventional arms transfers, conflict prevention and confidence- and security-building. The Buenos Aires seminar on confidence- and security-building measures, jointly sponsored by Canada/Argentina and the OAS, was an excellent example of what we can accomplish in this area.

We believe that our work can be further intensified in the coming year. Canada would welcome the evolution of the Special Committee into a Permanent Committee of the OAS. We would like to see smaller working groups established within the Committee to look at specific areas of interest, such as conventional arms transfers. Moreover, we look forward to sending our experts — civilian and military — to participate in specialized meetings, such as a Regional Conference on Confidence- and Security-Building Measures which the Government of Chile has offered to host.

In addition, Canada is looking forward to participating actively, during the coming year, in a review of existing hemispheric security institutions, including the Inter-American Defence

Board. This review must take account of the profoundly changed political situation in our hemisphere. It should recognize that our military establishments have an important role to play within our security discussions and in the ongoing consolidation of democracy in our hemisphere. Indeed, the strengthening of democracy, the rule of law and the institutions which underpin our democratic systems should provide the essential foundation for this critical review.

I spoke of this being a time of change for Canada. It is also a momentous time for the OAS with our new Secretary-General set to take up his duties in the coming months and a major hemispheric summit of our nations' leaders at year end.

The Secretary-General-elect has articulated a vision of the OAS which touches upon many of the priorities I have mentioned. We must ensure that the OAS addresses these issues in the most effective and efficient way possible. President Gaviria has also spoken a great deal about the need for organizational reform, a view Canada shares. Canada will be looking to our new leader to continue the crucial process of OAS revitalization which has begun over the past few years.

In particular, we will be looking for the allocation of appropriate resource levels — human and financial — to activities which go to the heart of the Organization's *raison d'être*, in particular those of the human rights institutions and the Unit for the Promotion of Democracy. This will necessarily imply reductions in less important areas of the OAS's current work, since the current conditions of fiscal restraint in all of our countries — Canada among them — do not allow us the luxury of major budget increases. The Organization will have some difficult but vital choices to make.

Canada will also be looking for on-going reform and streamlining of existing bodies and a focussing on comparative advantage. The area of technical co-operation at the OAS is an example of this. At last year's General Assembly, the membership passed the Protocol of Managua, which allowed for the merging of the two technical co-operation councils. It bears mentioning, at this point, that this merger cannot take place and the new Council cannot begin operations until two-thirds of the member countries have ratified the Protocol. Thus far, only a very few countries, led by Canada in October 1993, have done so. We would therefore urge the remaining countries to ratify the Protocol at their earliest opportunity, so that concrete action can be taken.

The grant funds at the disposal of the OAS for technical co-operation are relatively minor compared to those available from bilateral donors and multilateral institutions. Therefore, it is essential that we avoid dispersing these limited resources and duplicating the efforts of other organizations. The OAS must

concentrate on its comparative advantages. Canada believes that this means providing a forum for discussion of shared development issues and concerns, facilitating exchanges between member states, and emphasizing multinational projects in a limited number of priority areas. At this year's Special General Assembly in Mexico, representatives of all our countries made definite strides in streamlining the activities of the proposed new Council. We must now work collectively to ensure that the momentum we have created on this issue is maintained, in order to ensure a timely and effective transition to the new system.

Another example of an OAS organization which is looking at reform is CICAD, the Drug Abuse Control Commission, the members of which are also looking at means of streamlining operations and re-evaluating priorities with a view to focussing on CICAD's comparative advantage in addressing the drug problem in the hemisphere. Together with Mexico and the CICAD Secretariat, Canada has been an active member of the drafting group tasked with: first, assessing both the scope of the drug problem in the region, including the aspects of supply and demand reduction and the effectiveness of existing strategies; and second, developing a draft policy document on priorities and administrative reform. This paper was considered by CICAD members last week in Washington.

One of the bodies most in need of reform, in Canada's view, and on which we have had limited success thus far, is the Inter-American Defence Board [IADB], to which I alluded earlier. Canada was among the countries that could have supported radical change to the IADB at this General Assembly. Unfortunately, this did not prove possible. Canada believes it is imperative that decisive action on this question — including issues of mandate and linkage — be taken by the OAS in the coming year.

Canada believes that there are other potentially useful areas of reform that the new Secretary General could consider. Among these are: reform of the staffing system to make it more transparent and equitable; greater delegation of authority to the senior managers of the Organization; stricter budgetary accountability; review of the audit function to turn it from a mere accounting exercise into more of a program audit; and a full review of the role and utility of the national offices (as many of you know, Canada has thus far declined to have a national office, since we are not convinced that they have a meaningful role which justifies their expense).

I would like to say a brief word about partnerships. As I mentioned earlier, in the continuing context of scarce resources, both in our domestic economies and in our international organizations, we simply cannot afford duplication of effort. Rather, we must be seeking to establish co-operative links with other organizations active in the hemisphere and in similar

fields of endeavour. These include United Nations organizations, the Inter-American Development Bank, the World Bank, and even farther-flung partners such as the European Community and the Conference on Security and Co-operation in Europe — all of whom might have meaningful experiences to share or might usefully benefit from our experience.

Moreover, we need not limit our partnerships to governmental or political organizations. Many other multilateral organizations have co-operative links with non-governmental organizations [NGOs]. NGOs with consultative status at the United Nations and the Council of Europe, for example, serve not only as a source of expertise and new ideas, but also as a mechanism for disseminating information on the organization in question to a broader public. Canada believes that NGOs could play a similarly useful role in the OAS, and for this reason we have requested that the Juridical and Political Committee give consideration, during the coming year, to the possibility of the OAS granting consultative status to NGOs.

Finally, I would like to emphasize the importance which I attach to the Summit of the Americas. I think we must thank President Clinton for inviting us all to Miami in December and for giving our heads of government this important opportunity to assess our common concerns and agree upon certain political and economic objectives as we move toward the 21st century.

Canada believes — as I think all of us here do — that the OAS must have a central role in the Summit. As the region's foremost political forum, it is essential that the OAS be engaged both in the setting of the Summit's agenda and in the implementation and follow-up of its recommendations.

On Sunday, I was very pleased to participate in the Informal Dialogue and put some of these ideas forward. Today, I would like to make a clear suggestion to you — that this Assembly direct the new Secretary General and the Assistant Secretary-General to make every effort to secure this type of involvement for the OAS.

I would also like to recommend that OAS members establish a preparatory committee at the ministerial level to discuss specific agenda items. Such a "prepcom" is important for several reasons: first, to ensure a key role for the OAS in the Summit; second, to ensure that the broad range of hemispheric concerns are taken into account; and third, to ensure that the views of some of the smaller states are heard on issues of importance to them.

In closing, Mr. Chairman, my delegation and I are looking forward to an active General Assembly here in Belém and to fruitful co-operation in working with all our partners toward our common

objectives in the years ahead. I personally will leave here with a vision of hope and promise — that of a regional community capable of dealing effectively with a wide range of priority issues revolving around poverty alleviation and sustainable development, democratic development and human rights, security, and trade and economic integration. A community which is dedicated to reducing the threat of regional insecurity and enhancing regional prosperity for all. A community which is mutually supportive and promotes equality of opportunity for all its members.

I very much look forward to meeting you all again in the coming months.

Thank you, Mr. Chairman.



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AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE MEETING OF
THE COUNCIL AT THE MINISTERIAL LEVEL OF THE OECD
"THE OECD IN AN EVOLVING WORLD"

PARIS, France
June 8, 1994

This discussion today enables me, on behalf of Canada, to describe our vision of the OECD [Organization for Economic Co-operation and Development]. Above all, the Organization provides a unique forum for serious and enlightened dialogue, exchanges, and co-operation on a wide range of policy issues. These consultations among countries of a comparable level of economic development from the three main economic areas of the world are supported by a highly professional secretariat, and are without the pressures and constraints of formal negotiations. I would also say that the OECD's work can also be very useful in helping us gain domestic support or acceptance for difficult policy decisions.

There is no shortage of challenges. It is important that the OECD focuses its work on the key policy priorities of its members, in particular job creation and international trade.

The reality of this rapidly evolving world is that many of the most significant economic developments affecting our economies take place outside the OECD area. We need to increase our understanding of how these developments affect us and we need to support the integration of all countries into an open, liberal multilateral trade and economic system.

We have been grappling with this challenge for several years now. Can we, as members, articulate a more coherent approach? I think so.

An important cornerstone for such an approach is to maintain openness to new members. We warmly welcome the presence of Mexico who accomplished a great deal on its road to membership. I am confident that our organization will benefit from the presence of this new member. Moreover, I am happy to support Minister Tello's earlier proposal that the Organization undertake a study on the future and the methods of international economic co-operation.

Indeed, we are faced with a new world context. Market-oriented economies have increased in number and importance. Some of these countries want to become more involved with the OECD and others aspire to membership. Still others look to the OECD for help in transforming their economies.

The OECD must respond to these changes. The organization must cultivate a more global perspective, broaden its horizons, sharpen the focus of its activities, and keep at the forefront of issues.

Canada is favourable to the consideration of individual membership applications from countries that have made the necessary economic and political transition and are willing and able to assume the obligations and responsibilities associated with membership. On this basis, we encourage the Organization to engage in individual discussions on possible membership with the

four Partners in transition. We also recognize the active involvement of Korea in OECD activities which will pave its way toward membership in the near future.

Membership, however, is not the only means of action. The OECD's value to us, its members, is also enhanced by non-member participation in the work of our subsidiary bodies. When a country is a major player in a given sector, we can both learn from working together. This contributes to broader international co-operation.

Another element of the OECD's response to this evolving world is its co-operation with economies in transition. Progress varies for each of these countries and our manner of dealing with each should also vary. We should develop more flexible, responsive approaches to adapt to each situation. Canada supports the Japanese proposal to extend the list of countries that might be accommodated within the program of the Centre for Co-operation with Economies in Transition.

The declaration of co-operation with Russia, which we will be signing later today, underscores the OECD's distinct role. The Organization's efforts should support and complement those of other international financial institutions.

Dialogue is another vehicle used by the OECD to follow developments in the economies of non-members and to influence the evolution of their economic policies. But dialogue is not an end in itself. The OECD's dialogue should be targeted at countries most likely to influence our economies and should be focussed on our priorities, based on a review of our experience to date and our assessment of our future interests.

Our ad hoc approach to change may have produced acceptable results in the past, however, the pace of change and the need for the OECD to develop a global perspective calls for a more considered and coherent approach to our dealings with non-members. I propose that we task the Organization, with the active participation of capitals, to develop such an approach and to report back to us at next year's ministerial meeting.



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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT A SEMINAR ON
THE CANADIAN PARLIAMENTARY SYSTEM

OTTAWA, Ontario
May 31, 1994

Canada

Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, parliamentary colleagues, ladies and gentlemen:

On behalf of the Government of Canada, I would like to welcome the parliamentarians from Central and Eastern Europe to Ottawa. Your objective is to learn how our Parliament works, but your visit should also serve as a reminder to us of the value of this institution.

Regardless of our political affiliation, we parliamentarians all share this conviction: it is absolutely necessary to debate current issues freely. We represent the people, and in this capacity we speak for them in our debates.

Nevertheless, it is easy to get carried away with partisanship and forget this essential duty. You are well aware of how fragile democratic institutions are and of how expediency and strong-arm methods can displace due parliamentary process.

I would like to salute your courage, and that of your compatriots for fighting relentlessly against tyranny to build your legislative assemblies — for fighting force with reason to form your political parties. Yours is an example that we cannot allow ourselves to forget.

Many of your compatriots gave their lives for the institutions that you serve today. You are the representatives of the new Europe, and it is our duty to ensure that your fight was not in vain.

Your visit comes at a particularly interesting time in the history of Canadian democracy and parliamentarianism. The results of our last federal election were interesting, to say the least!

Canada's political map has been drastically changed. Never have so many new parliamentarians been elected to the House of Commons — more than 200 out of a total 295 seats!

This historic event leads me to believe, on the one hand, that our democracy is doing well. On the other hand, these results show me that Canadians expect their elected representatives to listen to them, and want a role in this country's decision-making process.

Our government has recognized the importance of the geopolitical changes that you not only witnessed but played a part in. It has also clearly heard the message from the inhabitants of this country.

These two facts both come into play in the review of Canada's foreign policy launched by this government.

The purpose of this review is not only to prepare Canada for the new century that is approaching, but also to enable Canadians to participate in the country's foreign policy.

We held a two-day national forum on Canada's international relations. This forum brought together about 200 business executives, representatives of non-governmental organizations, journalists and professors to discuss the directions this country's foreign policy should take.

We have asked Parliament to review Canada's foreign policy. The joint committee is currently travelling across the country to gather ideas from our people in this regard.

On five occasions over the past six-month period, we have asked Parliament to debate important issues concerning our foreign policy.

By doing so, we hope to restore to Parliament and its members a leading role in the conducting of this country's business.

During the debate that we had in this House on the review of Canada's foreign policy, I emphasized that our main duty in Europe is to contribute toward establishing economic and democratic structures and to guarantee Central and Eastern European security.

I have just returned from Paris, where along with your foreign ministers I participated in the inaugural conference on the European Stability Pact. This initiative reflects the importance we attach to a prosperous and peaceful future for Europe.

Five years after the momentous events of 1989, you, fellow parliamentarians, are engaged in building new societies. You expect meaningful, tangible assistance. This seminar expresses, I believe, Canada's determination to share our expertise and experience in an endeavour critical to your political and economic reforms: the effective functioning of Parliament.

You are faced with uncomfortable legacies of the old period. These cannot be denied or suppressed. Instead, they must be dealt with honestly by new parliamentarians. From Estonia to Ukraine and south to Sofia, many assemblies have constituencies which are nervous, even fearful about the future. Recent history tells us that Parliament and its proceedings can easily be exploited to stall reform and innovation.

I trust that this seminar will reinforce your confidence in the rightness of your democratic choice and help to ensure that your own parliaments continue to serve your citizens so that they do not attempt to seek refuge in extremist solutions or the discredited ideologies of the past.

With citizenship issues not fully resolved in Latvia and Estonia, parliamentarians there confront the difficult task of representing members of society who do not vote in the national elections. The challenge is particularly difficult in small countries which have reason to feel vulnerable next to larger neighbours. Indeed, in Estonia, Russian troops are still quartered a mere 100 meters from the parliament buildings.

This government is keenly aware of your security concerns. We firmly believe that NATO [the North Atlantic Treaty Organization] should welcome new members in contributing further to the stability of Europe. We will contribute to the full extent of our capacities to NATO's Partnership for Peace; and we urge your governments to do the same.

Associate membership in the Western European Union and the European Union has been granted to most of your countries. We expect full membership will follow and encourage you to prepare for it.

A stable economic environment truly is the basis for long-term prosperity. We are encouraging foreign direct investment. Canadians have been hesitant to enter your markets but trade levels are steadily increasing. We expect this to continue and acknowledge your efforts to facilitate trade.

We will also continue our efforts to further expand trade and investment in Central and Eastern Europe.

A month ago, I went to Poland and Ukraine accompanied by a delegation of business people. During my meetings with President Walesa and President Kravchuk, I expressed Canada's support for their process of economic reform. I also wanted to hear their respective security concerns.

While in Poland, I announced new Canadian programs in support of that country's agricultural reforms. In my meetings with Prime Minister Pawlak and Foreign Affairs Minister Olechowski I also discussed possible youth exchanges and opportunities to facilitate trade.

Canada strongly supports Ukraine's democratic and economic development. No other country contributed as much as Canada toward the recent Ukrainian parliamentary elections. In my meetings with President Kravchuk, Minister of Foreign Affairs Zlenko, Minister of Foreign Economic Relations Slepichev and Minister of the Economy Shpek, I emphasized that a friendlier business environment is an essential ingredient of economic reform.

I welcome this opportunity today to announce the appointment of an Honorary Consul in Sofia. Bulgaria occupies an important geo-

strategic position in Central Europe, and Canada has a long-standing interest in this part of the world and close ties with its people.

I will shortly be making the final decision on an Honorary Consul and hope that Mr. Flis, my Parliamentary Secretary, will be able to open the office in Sofia in the near future.

Canada recognizes that security in the modern world is multifaceted. Beyond membership in regional security organizations, we are convinced that only true democracies can ensure peace, security and stability in Europe. This is why Canada strongly supports the European Stability Pact. I made this point very clear to your respective foreign ministers in Paris last week.

Again, let me wish you a memorable and productive stay in Ottawa. I am confident that we can learn from one another. Together we must identify the challenges facing Eastern and Central Europe and recognize the importance of democratic institutions in building your new societies. Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA),
TO *THE ECONOMIST* CONFERENCES
SECOND ROUND TABLE WITH
THE GOVERNMENT OF CUBA

HAVANA, Cuba
June 20, 1994



Canada

Good evening. I am delighted to be in Cuba and to be a part of this conference. I would like to congratulate *The Economist* and Sherritt for taking the initiative to bring us all together and for providing such excellent arrangements. That such a gathering is taking place here is recognition of the reality that this is a significant time for Cuba, and for Cuba's relations with the international community. This meeting can make an important contribution to the discourse between Cuba and other countries on economic issues, and can enhance prospects for substantial commercial relationships.

It is now also an interesting time for Cuban-Canadian relations. I, therefore, am grateful that Ian Delaney, Chairman and Chief Executive Officer of Sherritt extended an invitation to the Canadian government that has enabled me to address this conference. My focus will be on the Canada-Cuba relationship, a relationship that is deeply influenced by what is happening in Cuba and elsewhere in the Hemisphere.

Since taking up my responsibilities as Secretary of State for Latin America and Africa, I have travelled widely in the hemisphere and met with many political leaders. Earlier this month I represented Canada at the 24th OAS [Organization of American States] General Assembly in Belém, Brazil. Naturally, I have been struck by the political and economic transformation of the hemisphere — by the willingness to address difficult economic issues such as trade liberalization and poverty alleviation, the desire to make multilateralism work through the OAS and other institutions, and by the determination to strengthen democratic institutions to make democracy work. Canadian business people, of course, are especially interested in the progress in reforming domestic legal and regulatory frameworks to make the rules of the game more transparent and predictable. My appointment following the election, last year, of the Liberal government demonstrated the Prime Minister's desire to see Canada more actively engaged in these significant developments. As underlined in the foreign policy review we have initiated, and in the speeches made in Parliament by myself and the Minister of Foreign Affairs, André Ouellet, our priorities in the Hemisphere focus on sustainable development, democratic development and good governance, trade and economic integration and security issues. We are pursuing these objectives multilaterally, especially through the OAS, and bilaterally in our relations with individual hemispheric partners.

Because we regard Cuba as very much a part of the hemisphere and the broader international community, we will work to bring these objectives to bear in our relationship with Cuba.

Cuba is entering an important period. It is a time of economic change, a time to adjust to a new international economic environment, and yet to ensure that the Cuban population retains the benefits of important social programs in such areas as education and health. Adjustment is a difficult process that

most countries, including Canada, are undertaking in one form or another these days. The decisions can have social and political costs. It is difficult, but vital, to sustain the effort. I am aware of the hardships that many Cubans are currently undergoing. It is with this understanding that Canada already has provided emergency humanitarian relief, most recently in response to an appeal by the World Food Program. The fact that Cuba has begun to adjust is encouraging, and we wish the Government well in pursuing vigorously a program of economic adjustment. I think this conference will contribute to the process.

We also wish to encourage and support political development here, as we do in other countries, both in this hemisphere and elsewhere. Cuba has made some real human rights accomplishments, notably in the areas of economic and social rights. Cuba's health care and educational systems have been models for other countries. I would also stress that when we speak of human rights and democratic development, we do not have a single westernized model. Rather, we are focusing on respect for certain freedoms that are set out in such international instruments as the UN [United Nations] Declaration on Human Rights. These issues form part of the bedrock of Canadian foreign policy. Thus, Canada will make human rights and democratic development an area of continuing discussion with Cuba, in order that Cuban accomplishments in the areas I have mentioned can be mirrored elsewhere in the areas of political and civil rights. We are prepared to co-operate with Cuba as it moves ahead in this area.

The fact of change in Cuba is one of the reasons for my being here. This is very much an introductory visit, one in which I have sought to learn about realities here and how the Government and people of Cuba see the future development of their country. We in the Canadian government have a long-standing belief that whatever our differences with another country may be, an open, honest dialogue is important. That is why our formal relationship with Cuba has been unbroken since it was established in 1945. Even at times when we have had considerable differences of view on Africa, on East-West relations, on the nature of political change in Latin America and, more recently, on human rights and good governance, we have maintained our ties and our discourse.

The Canadian government has been in the habit of describing Canada-Cuba relations in recent years as active and positive; and I think that certainly characterizes the thick web of unofficial, private links that many Canadian organizations, companies and individuals have with their Cuban counterparts.

Some of these unofficial links are concrete and measurable. Cuba is Canada's second largest trading partner after Puerto Rico in the Caribbean/Central American region. Our two-way trade

totalled over 300 million dollars in 1993. It is also a country in which several Canadian firms are pursuing investment possibilities. Some companies already are well established here, Sherritt being the most prominent. I would note here that Sherritt has had an active involvement in the Cuban nickel industry and in the oil and gas sector since 1991. By 1993, for example, Canadian imports of Cuban nickel through Sherritt accounted for over 60 per cent of our total imports from Cuba. Cuba is a country that over 100 000 Canadians visit each year. Eugene Whelan reminded me the other day of another significant Canadian population in Cuba — dairy cattle. It is also a country in which a number of Canadian universities, research institutes and non-governmental organizations [NGOs] have long-standing linkages that benefit both Cubans and Canadians.

Indeed, it is Canadians involved in these kinds of activities who have urged the Government to do more at the official level to strengthen our linkages with the Cuban government and the Cuban people. What they are telling us is that Cuba is at a point when it is more important than ever for governments to remain in contact. They also tell us that we need to do more to enable those outside government to work with their Cuban counterparts, with training, humanitarian assistance and technical exchanges.

I and the Minister of Foreign Affairs, André Ouellet, agree with these views. Canada is in the habit internationally of supporting, where appropriate and where we can, peaceful change leading to more pluralistic societies and economies. To do so is in our short-term as well as in our long-term interests. In some parts of the world, the process of change is complicated by long-standing conflicts. In some cases the international community may have become involved too late in the game. It is all too easy to see the results in terms of human suffering, as well as the impact on neighbouring countries. It is something no-one can seriously wish for this hemisphere. In the case of Cuba, I think we all have the opportunity to become involved at an early stage of the reform process. We can provide advice and support that could underpin positive, orderly change in the economic and political spheres. Many of the organizations and businesses alluded to earlier have already contributed much in this vein. Governments can play a role as well, by supporting the non-governmental sector, but also by sustaining a regular and open consultative process at the official level.

Beyond the strictly bilateral, I would add that as a long-standing believer in multilateralism, Canada attaches special importance to the role of international organizations. Even if they only can maintain civil international discourse on some international issues, they have made a valuable contribution. Thus, Canada is a strong supporter of universality of membership, whether it be full international membership in such global bodies as the UN, or full regional membership in regional organizations.

At the recent OAS meeting in Belém, I suggested that, as an organization, the OAS needs to look to a day when Cuba can once again play its full role, with all the privileges and responsibilities involved. Isolation is unhealthy, while close contact with an increasingly vibrant organization, doing important work to promote economic and political liberalization, can have a positive, practical impact.

What are Canadian objectives in Cuba? First, we are here to promote several concrete Canadian interests, especially in terms of commercial activities. Second, we wish to support positive, peaceful change in Cuba, both political and economic. We may disagree on some aspects of change, in particular in the areas of human rights and democratic development, but we will pursue the discussion at appropriate levels. Third, we wish to encourage Cuba's full, constructive participation in international affairs. Finally, we want The Canadian government not to be an impediment, standing in the way of Canadian organizations and individuals pursuing their own activities and dialogues with Cubans because of historic restrictions on official development assistance.

To achieve these objectives more effectively, the Government has decided on a number of adjustments to its Cuba policy. None of these represents a major turn-around, since we already have the basis of what I consider to be a sound policy. Taken together, however, these steps point to a somewhat more activist approach to our relationship, and a desire on our part to be more engaged at a senior level. I have discussed these ideas today in my meetings with members of the Cuban government and have also had an opportunity to consult with several Canadian organizations and business representatives.

First, we want to have more exchanges such as I have just had. Thus, the Canadian Minister of Foreign Affairs, André Ouellet, has indicated to Foreign Minister Robaina that he would welcome a meeting with him at some convenient time.

Second, I have asked senior officials in the Department of Foreign Affairs and International Trade to begin again the regular series of formal consultations with their Cuban counterparts that have not taken place for several years. We will aim to have a substantive agenda that will get into the full range of bilateral and international issues.

Third, as indicated at the recent meeting of the OAS General Assembly, the Government intends to examine, with other countries, what would be required for Cuba to re-establish its full membership in the OAS. I fully recognize that there are some difficult issues which will have to be addressed by OAS members as well as by Cuba. It is not something that can be resolved overnight. However, we believe it is a process that we must begin to think about.

Fourth, the Government wishes to lend its full support to regular exchanges between the parliamentarians of our two countries. Some initiatives are already under discussion and we will do what we can to encourage and assist in this kind of activity.

Fifth, I am announcing, as Mr. Ouellet did today in Ottawa, that the Government has decided to make it possible for Canadian non-governmental partners undertaking development activities in Cuba to draw on government development funds. In practical terms, this means that the full range of what we call partnership programs now will be available to Canadian NGOs and others in the non-governmental sector for work in Cuba, including academic institutions and Canadian businesses pursuing developmental objectives. Cuba will receive an additional \$1 million dollars in Canadian development assistance over the next year through the various programs that we support, including a \$100 000 Canada Fund.

Sixth, given the economic hardships endured by many ordinary Cubans, the Government will provide further humanitarian relief along the lines of what we announced in March 1994 and last summer. We, therefore, are arranging to donate a further \$500 000 to the World Food Program for nutritional assistance in Cuba.

Seventh, we will continue to expand our promotional support to Canadian companies pursuing business opportunities in Cuba. This includes an active government participation in major trade fairs, for example the Havana International Fair. Canadian businesses interested in exploring joint venture opportunities with Cuban partners will now have access to funding provided by the Industrial Co-operation Program of the Canadian International Development Agency.

These, essentially, are examples to illustrate how the Canadian government plans to give more weight to our relationship with Cuba. Each step is modest and reflects what we think is reasonable and affordable. Each builds on activities that are already in place; and each, I believe, responds to what many Canadians have told us they wish to see. As we move ahead, for this is certainly an ongoing process, other ideas will emerge. What I want to signal here is that Canada has interests in Cuba and is interested in Cuba. We want to take advantage of opportunities and we want to help Cuba create opportunities. Canada and Cuba will not agree on every question, whether bilateral or multilateral. We have disagreements with even our closest allies — but we are open for dialogue.

I wish you well in your conference. The participants you have brought together cannot help but stimulate creative ideas on how Cuba and the international community can interact more productively. I look forward to hearing the results. Once again

I congratulate Sherritt and *The Economist* for making this important conference possible. I trust it will mark a positive increment in Sherritt's future in Cuba as well as in Canada-Cuba official relations.

Thank you.



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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE EUROPEAN UNION CHAMBER OF COMMERCE
ON CANADA-EUROPE TRADE AND INVESTMENT
CHALLENGES AND OPPORTUNITIES



TORONTO, Ontario
July 12, 1994

Canada

Canada and the European Union [EU] have been busy in recent years with heavy trade policy agendas as well as complex economic and social policy agendas.

Europeans have been preoccupied with unification (and reunification) while we have been adapting to the demands of the North American Free Trade Agreement [NAFTA].

We were all deeply involved in achieving a successful conclusion to the Uruguay Round as well as exploring the emerging markets of the Asia-Pacific region.

Both Europe and North America have been through a severe economic recession which has created new challenges for governments and other economic and social policy makers.

As we faced these common hurdles, we also cast ourselves as economic rivals in a contracting global economy marked by declining market share, diminishing returns and growing competition from newly industrialized countries.

This has put considerable pressure on both Europe and North America to construct regional blocs to counter the effects of globalization.

Paradoxically, against this background of regionalism, it has never been more necessary for businesses to have a global outlook in order to compete and survive.

Accusations of fortress building have been levelled from both sides across the Atlantic. No longer does either side know quite where it fits on the other's trade agenda.

The result has been confusion and miscue for business about which markets are worthy of pursuit.

It is not surprising then, that most Canadian exporters still look no further than their own backyard, to the United States, as their only export market. Last year, a full 77 per cent of Canadian exports went to the United States. Barely six per cent of our total exports go to the European Union.

There is an inherent danger in this. We should again be asking ourselves if we are becoming too dependent on the U.S. market. Are we doing enough to penetrate other markets?

It is true that Europe remains our most important economic partner after the United States, regardless of perceptions to the contrary. Canada recognizes and values Europe as a key market for high, value-added goods and services as well as for our traditional staples of resource-based products.

Europe is Canada's second-largest source and destination of foreign direct investment. European visitors alone, for their part, generate about \$1.4 billion in business a year.

International trade is central to sustaining Canada's prosperity. After Germany, we are the most trade dependent of the G-7 [Group of Seven leading industrialized] nations. Exports of goods and services account for more than one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain more than two million Canadian jobs.

That is why the Government is striving to create an economic environment in Canada that will be conducive to export-led growth and to increased investment — the keys to a competitive, aggressive and outward-oriented economy.

By any yardstick, the European marketplace is increasingly crucial for Canadian business. In 1992, the European Union accounted for 40 per cent of total global trade.

That will only increase as the EU adds new members. Although our trade deficit with Europe is narrowing, we still have a long way to go.

The task now, recognized by both the President of the European Commission and Prime Minister Chrétien, is to make a successful transition from a relationship dominated by the security concerns of the Cold War to one shaped by our common economic interests.

That the Europeans share our concern is evidenced by the EU initiative to organize the economic conference, entitled Canada and the European Union — A Relationship in Focus, to be held in Toronto in October.

Although much can be accomplished at the political level to strengthen our economic relations, the need for business to actively pursue trade and investment opportunities cannot be overstressed.

First, however, we must dispel a number of myths that surround our relations with Europe in the post-NAFTA, post-Maastricht world.

The first and most damaging myth is that Europe no longer matters to Canada because of the NAFTA.

Canada's geography determines that the United States is our major trading partner. Open regional arrangements such as the NAFTA are simply common sense and should not be considered an effort to create an exclusionary trade bloc.

Nor does interest in the NAFTA preclude strong interest in Europe. Canada believes regional and multilateral trading arrangements are compatible and complementary. International trade is not a zero sum game played by regions or blocs.

What is more important than geography among trading partners is a shared commitment to fuller development of rules-based trade — a GATT-plus, if you will. Through accession, the NAFTA promises to be a non-discriminatory, comprehensive free trade regime fundamentally, in my view, open to all.

The second myth is that Canada is focused mainly on the Asia-Pacific region. Asia is important to all of us. It is an inescapable fact that Canadian business people share the global desire to succeed in Asia Pacific. The region's appetite for infrastructure projects meshes very well with Canadian capabilities ranging from hydro-electric turbines to fibre optics telecommunications to nuclear reactors.

However, developing new markets does not have to occur at the expense of current markets. Canada is committed to expanding its trade relations on all fronts — North America, Latin America, Asia-Pacific and certainly Europe.

For Canada, Europe remains a promising source of technology transfers and strategic alliances and a strong market for high value-added goods and services such as information technologies and aeronautical equipment. Last year, no less than three quarters of Canadian exports to Europe were fabricated materials and end products — exactly the kind of exports so vital to Canada's prosperity.

The third and final myth is that in creating the world's largest trading bloc, the European market is closed to Canadians and other outsiders.

In itself, the European Union does not present a barrier to trade. There are restrictions on agricultural and fisheries products, but European industrial tariffs are low and this sector is largely free of non-tariff barriers.

Some companies may think that if they were not in Europe before 1992, it is now, somehow, too late. That is, of course, not the case. Although there are still some impediments, I would assert that the major obstacle is psychological. Exporters must overcome their fear of Europe and take a second look at the opportunities.

As many business people in this room can attest, European markets are sophisticated, competitive, complex and unique — but they are accessible.

Recent trade statistics show that Canada can compete in Europe. Our two-way trade with the EU alone was worth \$25 billion last year. Since 1986 our exports to the European Union have grown at an average annual rate of six per cent. Surprisingly, that is slightly faster than the rate of growth of our trade with either the United States or Japan.

Our investment statistics are equally impressive. Canadian direct investment in the EU almost tripled from 1985 to 1992 to reach \$21 billion, while EU investment in Canada doubled to reach \$32 billion in the same period. In 1992, the EU accounted for almost one quarter of the total foreign direct investment in Canada.

More than half of that investment originated in the Britain. However, the importance of other EU countries in regard to total direct investment in Canada has increased significantly in the last five years.

Diversified sources of foreign direct investment are highly desirable and necessary. They reflect the reality of globalization as well as the concept of broadly based investment and trade that is central to Canada's international economic policy.

I believe the newly formed World Trade Organization [WTO] will provide the critical framework necessary for a stronger economic relationship in the years ahead. The improved market access provided by the Uruguay Round coupled with economic recovery in Europe holds great promise for Canada.

There is now, for example, duty-free entry into Europe for Canadian newsprint and other paper products. There will be freer trade in high-tech equipment and software; and there are broad-based tariff reductions averaging 40 per cent or more on a wide range of industrial and resource products.

Canada and Europe share a commonality on issues facing the World Trade Organization. We must work hard to ensure that the WTO develops a forward-looking and balanced agenda to deal with unfinished business such as the reform of anti-dumping regimes.

We must also tackle emerging issues such as the possible harmonization of national competition policies and questions of trade and the environment and labour standards. The outcomes will have a considerable bearing on future Canada-EU relations.

Within this international framework, Canada and the Union are building other trade-related bridges through specific agreements on science and technology, standards-testing and customs co-operation, to name but a few.

In fact, Canada already has more bilateral and regional agreements with Europe than with most other regions. However, trade policy in itself does not generate growth and employment. Without a significant push from the private sector, these arrangements will continue to pay only minimal dividends.

The challenge ahead is to take full advantage of the recent trade policy advances and translate them into commercial opportunities. This is the role of the business community — both multinational corporations and small- and medium-sized enterprises. In particular, I urge you to take up the challenge and put your products and services to the test.

Canadian companies are succeeding — and succeeding very well — in Europe. CAMDI International of Montreal manages the "food court" at the Louvre Art Museum in Paris. In the home of *la haute cuisine*, this "food court" is a first and it was an instant success.

In Germany, Speedy Muffler King Inc. of Toronto is rapidly expanding "Pit Stop," its leading chain of service stations, by offering motorists something new — customer-friendly service.

PROCOR Sulphur Services Inc. of Calgary is building its third turnkey sulphur-forming facility in Europe. It achieves high-volume production from a small-sized plant, making it ideal for European conditions where land is at a premium.

These companies demonstrate the potential for a dynamic relationship with Europe. Many of you can serve as an example that Canadians can and do succeed in Europe. Please spread the word that a foothold in Europe is a critical element in any exporter's business plan.

As far as the Government is concerned, there is a perception, which I share, that in recent years the Canada-EU trade and investment relationship might have suffered from complacency, or, even worse, neglect.

Although Canada has an active trade and investment development program in Europe, I would welcome your ideas on additional trade development and trade policy initiatives which the Canadian government could undertake to help Canadians succeed in Europe.

The history, the culture and the economic values which Canada and Europe share provide a foundation to create a stronger economic partnership. Let us put it to work.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE FIRST POLICY AND PLANNING COMMITTEE MEETING
OF THE AMERICAN IRON AND STEEL INSTITUTE



TORONTO, Ontario
July 14, 1994

International trade agreements, of which we have had a few lately, are only useful to the extent that people actually use them to develop efficiencies of scale, rationalization, integration and global competitiveness.

We support those goals because demonstrable benefits flow to efficient producers and consumers alike. The Canada-U.S. Free Trade Agreement [FTA], the North American Free Trade Agreement [NAFTA] and the Uruguay Round of the GATT [General Agreement on Tariffs and Trade] — are all helping to create an environment in which companies, countries and citizens can prosper, if individuals such as yourselves put the agreements to work.

With that in mind, you will understand that I am delighted to address this first policy and planning committee meeting of the newly reconstituted American Iron and Steel Institute. I want to congratulate the Institute for its decision to integrate Canadian and Mexican steel producers as full members. I wish you success with your new strategy and orientation. The fact that you are meeting here in Toronto is certainly a promising signal.

Your new organization reflects the growing range of common interests among Canadian, American and Mexican steelmakers. Together you are competing against other materials, developing new markets for steel, and serving customers who are themselves subject to the increasingly stringent demands of global competition.

Let us look, for a moment, at the North American steel industry as a whole.

The United States and Canada are the major foreign markets for each other's steel. Two-way trade exceeds \$2.5 billion. Strong growth in that trade, particularly since the advent of the FTA, has generated employment in both our industries.

Although Canadian-Mexican steel trade is still fairly small, the links are getting stronger. Just last week we saw the sale of Canada's Sidbec-Dosco to Mexico's ISPAT.

Trade between the U.S. and Mexico is big and getting bigger. Mexico takes nearly a quarter of all U.S. steel exports, and provides about four per cent of U.S. imports.

All in all, fully two thirds of U.S. steel exports are within North America, as are almost one third of its steel imports. I cite these figures because they underline the fact that this is an integrated, continental market, of benefit to all three NAFTA partners.

This also flows to the upstream and downstream markets. For instance, Canadian steel producers spend \$1.20 on supplies in the United States for every dollar of steel they export there. Canadian steel is also an essential input for many U.S.

manufacturers and accordingly an important factor in their competitive position.

Steel Mills on both sides of the border buy their raw material from the same suppliers, and in many cases share ownership of those sources of supply. Sales to customers are normally made on the basis of continental bidding and supply, with just-in-time delivery and strict supplier qualifications.

Look at the rise in cross-border investments within the industry: over half of the members of the Canadian Steel Producers Association own facilities in the U.S. or participate in joint ventures with U.S. mills. In addition, at least three U.S. steel companies have ownership interests in Canada.

The fact that Canada was not included in either the 1984 or 1989 U.S. voluntary restraint agreements reflected the fact of our integrated market (and made our inclusion in the rash of U.S. anti-dumping actions two years ago all that much harder to understand).

The Canadian and U.S. steel industries have extraordinarily close relations, not just through association memberships and shared R&D [Research and Development] efforts, and not just through the shared experience of working with the same union, but also through direct company-to-company ties:

- When Dofasco had a breakout in its blast furnace, it received calls from all over North America offering assistance;
- When Wierton Steel suffered a fire in its rolling mill, Stelco took up the slack in providing hot rolling services so that Wierton could continue to meet the needs of its customers;
- When it came to demonstrating the value of steel-framed housing at the Habitat for Humanity exhibition in Georgia a few weeks ago, Canadian and American CEOs [Chief Executive Officers] literally worked side-by-side.

That kind of co-operation, combined with fair competition, has helped strengthen the fabric of the North American steel industry, which is one of the pillars of our integrated economy.

The increased efficiency of our modern new plants, the improvements in quality and product innovation have improved the lives of all our citizens, and should continue to do so.

The Government of Canada wants to see a strong North American steel industry, not harmed by unfair competition — boatloads of

steel brought into our markets from subsidizing countries for sale at practically any price.

The close integration of our markets makes Canada-U.S. steel trade unique in the world. This trade, along with our steel trade with Mexico — our other new NAFTA partner, needs to be differentiated from steel trade with other countries. We not only share a market, but it is the least subsidized and most open steel market in the world.

This is the context in which both the Government and the industry in Canada have consistently emphasized our view that trade remedy actions by any of the NAFTA countries against steel imports from any other are counter-productive and make no commercial sense.

We do recognize, however, that the process of integrating our markets and adjusting to increased international competition is not always easy. We recognize that appeal to trade remedy laws can be attractive. However, these do nothing to promote progress, innovation, efficiency, or competitiveness — things we need to face in global competition.

If you agree with me that our increasingly integrated market, enhanced by the establishment of a North American Free Trade Agreement, should provide for an increase in the free flow of goods among all three partners, then I hope you will take the next logical step and agree that the trade policy in North America should reflect the new economic environment.

Fortunately for all of us, recent developments have provided a number of opportunities to conclude new North American trade rules for all industries, including steel.

We can start by ensuring that the historic achievement of the Uruguay Round of the GATT is fully realized, not only in legislation but in practice as well. The Agreement is an important step towards basing all trade on a shared set of rules. Common respect for those rules is the foundation for the level playing field that we must achieve.

The changes to trade rules under the new World Trade Organization are helpful in many respects. However, the World Trade Organization is not the best forum to address the use of anti-dumping in a free trade agreement.

When Canada joined the United States and Mexico in the NAFTA last January, we did so on the understanding that our three countries would join together in two working groups, one to look at questions of subsidies and the other at anti-dumping in a free trade area. The NAFTA trade remedies working groups provide our three countries with an ideal opportunity to resolve concerns in these two areas. The working groups are looking for solutions

that reduce the possibility of disputes concerning the issues of subsidies, dumping and the operation of trade remedy laws. Canada is determined that these working groups yield positive results within their two-year time frames.

Although these deliberations will be complicated, there is every reason to take up the challenge. In fact, I invite the people in this room to begin the process today. In doing so, I would like to focus on one particular aspect of interest to all of you — anti-dumping measures.

My question to you today is whether such measures fit the emerging North American market environment, in which the pricing behaviour of firms is less likely to be dependent on their national location. Should firms not react to price competition in the same way, regardless of whether that competition is coming from Hamilton, Cleveland or Monclova?

This situation prompts a number of questions, the answers to which will chart the trade remedy agenda for the next 18 months:

- Are the definitions, thresholds and mechanisms provided in current anti-dumping law the right measures for determining "inappropriate behaviour" in the North American context?
- In an integrated North American market, where firms have rationalized production on a North American basis, the concept of a national industry may no longer be viable. Should we examine the impact of pricing behaviour on the North American market as a whole?
- Is it possible to establish a more direct link between the pricing practices of one firm and their impact on another? For example, does the pricing behaviour of one firm affect the pricing behaviour of another? If so, how long does the effect last and how does the firm or the market in which it operates compensate?
- Should remedial action by Government in response to pricing behaviour be limited to products — as in dumping — or could it be assessed on a particular firm — as in competition law? Beyond that, we could look at which method is likely to elicit a more effective response in terms of restoring a competitive equilibrium to the market.
- Should different approaches be considered for different sectors of the economy, depending on their circumstances or degree of need?

These are the sorts of questions that will have to be answered if we are to establish a trade remedy regime in North America that reflects the reality of the North American market. The people in

this room today will have considerable influence on the answers to those questions.

In your deliberations, it would be useful to consider how other countries have approached this question:

- Australia and New Zealand have agreed to treat trade in their free trade area as domestic commerce.
- Within the European Union, dumping laws have also been eliminated. In dealing with third countries, a common anti-dumping regime applies.

Before concluding, I could not discuss trade rules without making a quick reference to ongoing negotiations regarding the Multilateral Steel Agreement [MSA].

Canada supports this initiative and continues to participate fully in the MSA negotiations.

In our view, the MSA negotiations provide steel producing countries with an opportunity to establish disciplines on an array of trade distorting practices which have plagued and continue to plague worldwide steel trade. Clearly, subsidies to steel producers in other countries are a serious problem and make a significant contribution to the continued worldwide overcapacity. We need to have tighter disciplines on such practices: if an outright prohibition is achievable, all the better.

However, in Canada's view, such trade-distorting practices include more than just subsidies. A really substantive MSA needs to deal also with issues such as government procurement.

In conclusion, there seems little doubt that the steel industry is, and will continue to be, in the forefront of any consideration regarding the review of trade remedy laws. As one of the most significant users of such laws, not only in Canada but in the United States and Mexico as well, I urge you, the steel industries of North America, to keep an open mind on the promise of the fully open and integrated market envisaged by the NAFTA.

With the appropriate resolve, by both governments and industries alike, we have a real opportunity to create a freer and more dynamic trade agreement among our three countries, a trade agreement that will not only be the envy of the world but a catalyst to placing North American corporations, such as yours, at the forefront of global competition.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE CANADIAN CHAMBER OF COMMERCE IN JAPAN
AND THE CANADA-JAPAN SOCIETY



TOKYO, Japan
July 21, 1994

Canada

Ladies and Gentlemen:

I am delighted to be here today. As you may know, this is my first official visit to Japan and Asia since my appointment as Foreign Affairs Minister last November. This, however, is not the first visit by a member of the new Canadian government to Japan and the region. Visits by the Governor General, the Minister for International Trade, the Minister of Transport, the Minister of Agriculture and Agri-Food and the Minister of Fisheries and Oceans, as well as the Secretary of State (Asia-Pacific) prove that the new government has indeed recognized the importance of Japan and the Asia-Pacific region in all aspects of its trade and foreign policies.

The appointment by the Prime Minister of a Secretary of State for Asia-Pacific, who assists me in my work as Foreign Affairs Minister, also reflects his personal commitment to developing Canada's relations with the countries of Asia, including, of course, Japan.

The Prime Minister made this quite clear in Seattle last November. Indeed, the APEC [Asia-Pacific Economic Co-operation] Leaders' meeting was the Prime Minister's first international function.

The purpose of my visit to Asia is to strengthen the commitment of our government to the region; to strengthen our bilateral relationship here and to express our desire for co-operation in multilateral fora. I am very pleased that I could begin this tour with Japan. Later today, I will travel to South Korea and next week I will attend the ASEAN [Association of Southeast Asian Nations] ministerial meeting in Bangkok, including the historic first meeting of the ASEAN Regional Forum to discuss security issues. I will then proceed to China and Hong Kong.

Here in Japan, my meetings with Prime Minister Tomichi Murayama, Minister of International Trade and Industry Ryutaro Hashimoto, Minister of Foreign Affairs Yohei Kono, and the Director-General of the Self Defence Agency, Tokuichiro Tamazawa, were very productive. In each encounter I stressed the importance of our bilateral relationship and discussed the challenges facing our two countries. I was particularly pleased to continue the dialogue with Foreign Minister Kono, begun earlier this month in Naples.

Please allow me to expand a bit on these points.

THE IMPORTANCE OF JAPAN FOR CANADA

Political Relations

Politically and economically, Japan and Canada are key interlocutors and partners in multilateral fora of prime importance to both of us, such as the new World Trade

Organization, the G-7 [Group of Seven leading industrialized countries], the United Nations, APEC and various other Asia-Pacific fora. Next year, Canada will chair the Economic Summit and Japan will host the APEC meetings. We look forward to working closely with Japan to ensure the success of these events.

Having participated in almost every United Nations-mandated mission, Canada has shown that its commitment to peacekeeping is beyond any doubt. In recent years, Japan too has sought a role in such activities. In recent years, Canadians have worked alongside Japanese in UN missions in Cambodia and Mozambique. In fact, Canadian military officers travelled to Hokkaido to share with their Japanese counterparts their experiences in Cambodia, and to help prepare the Japanese for their first peacekeeping operation. Our shared experiences in these operations provide opportunities for further co-operation. In my talks here, I have experienced the value of sharing the lessons we have learned from peacekeeping and working together to enhance the United Nations' capability in this regard.

In my discussions here, I have also emphasized the key importance Canada attaches to reform of the United Nations. As we approach the 50th anniversary of the founding of the UN in 1995, Canada would like to work with Japan to seek the key reforms needed to make the United Nations more effective. It is clear that Canada favours an increased Japanese role in the UN.

For its part, Japan has lent its support to Canada in our efforts to enhance the efficiency of the OECD [Organization for Economic Co-operation and Development]. We have been running a strong campaign to have an eminent Canadian, the Honourable Don Johnston, elected as the OECD's new Secretary-General. Japan has been an early and strong supporter of this initiative, for which we are truly grateful. We are confident that with such support we will be successful.

Among the highest priorities facing the world community is to stem the proliferation of nuclear weapons. Our collective peace and security is at stake. It is difficult to imagine how we could have dealt with the challenge posed by North Korea without the Non-Proliferation Treaty [NPT]. A possible North Korean nuclear weapons program is a matter of particular concern to Japan and Canada and was an important element of my discussions here in Tokyo.

The review conference on the NPT will take place in April, 1995. At that conference, Canada will support an indefinite extension of the NPT. This approach would permit the laying aside of concerns about the persistence of the treaty and its benefits and allow us to move forward in addressing the task of completing a Comprehensive Test Ban Treaty.

Canada has taken notice of Japan's intention to spend \$US75 billion from 1993 to 1998 in Official Development Assistance [ODA]. This is a very important contribution which underscores the value the Japanese government attaches to ODA. Canada has a long-standing commitment to development assistance, globally and in Asia, which began with the Colombo Plan in the 1950s. In my discussions here, I have indicated my interest in further exploring co-operation in this field with Japan, including such ideas as joint development projects and expanded exchanges of personnel. It is a matter of concern to Canada and Japan that some recipients of development assistance concurrently are engaged in major arms purchases. As our government has initiated a review of its foreign and aid policies, I believe these ideas should be considered carefully.

Canada and Japan are also members of regional fora. Next week, Foreign Minister Kono and I will both attend the inaugural meeting of the ASEAN Regional Forum in Bangkok. This will be a historic event, bringing together foreign ministers from 18 Asia-Pacific countries, including China, Russia, the United States, Vietnam, as well as Japan and Canada, to discuss regional security issues. The ASEAN Regional Forum offers the opportunity for our Asia-Pacific community to work together to develop mechanisms to prevent conflicts from breaking out and to deal with them if they do.

To achieve this, we must first develop a habit of dialogue among the key countries. This will go a long way toward building confidence and promoting transparency among countries of the Asia-Pacific region.

Economic and Trade Relations

The Canadian Chamber of Commerce in Japan and the Canada-Japan Society can testify that Canada's economic relationship with Japan is extremely important. Indeed, they have played, and continue to play, a key role in broadening the linkages between our two countries and in deepening our transpacific relationship.

With over \$19 billion worth of trade last year, Japan is Canada's second-largest trade and economic partner. Despite the economic down turn in Japan, Canadian exports to Japan grew at a rate of 13 per cent last year. With over \$10 billion dollars worth of direct investment a year in Canada and another \$46 billion invested in securities and bonds, Japan is our third-largest source of investment. Japan is also our second-largest source of tourists. Half a million Japanese visit Canada each year.

Of course, the future for expanded bilateral trade and investment will largely be determined by the health of our respective economies. Both our countries have been hit hard by the recession. Japan is also faced with structural challenges posed

by an aging society, an appreciating currency and by the need to reduce its growing current account surpluses. I was particularly encouraged in this regard by the comments of Prime Minister Murayama to the Japanese Diet on Monday.

It is our view that the Japanese government is on the right track with its efforts to promote economic growth by stimulating domestic demand through deregulation and market-opening measures. We believe this approach is the best way to deal with the problem of trade imbalances because it reflects the spirit of multilateral free trade and of the international rules-based trading system to which both our countries are committed.

As Japan's economy changes, so does its market. Expanding Canadian exports to Japan will depend on our ability to position ourselves in the most rapidly growing market segments — higher value-added products — while maintaining our traditional exports of resource-based commodities, which still make up the bulk of our trading relationship.

These changes have to be transformed into opportunities for our exporters. Canadian business has recognized the need to adapt and is working with the federal and provincial governments to develop export plans in seven priority sectors: processed foods, fisheries products, building products, information technologies, auto parts, tourism and aerospace.

I am confident that Canada's Action Plan for Japan will realize our potential in these high-priority growth sectors.

Our government believes that the consolidation, with the NAFTA [North American Free Trade Agreement], of a North American market will also create even greater opportunities for Japanese investment in Canada.

Canada-Japan Forum 2000

Many of you may be aware of the Canada-Japan Forum 2000 initiative. As we indicated in our election platform, the Red Book, we take this initiative very seriously. Prime Minister Jean Chrétien has reappointed the Honourable Peter Lougheed to head the Canadian Advisory Group — the group of private individuals assisting with the follow-up to the Canada-Japan Forum 2000 Report. I am pleased to announce that the Prime Minister has reappointed Dr. Geraldine Kenney-Wallace, President of McMaster University in Hamilton, Ontario, and has appointed Jean-Paul Gourdeau, a businessman from Montreal, Quebec, and Tamako Yagai Copithorne, a culture and communications expert from Vancouver, British Columbia, to the Canadian Advisory Group.

The Advisory Groups have been responsible for some successes in the Forum 2000 follow-up, including spurring closer Canada-Japan

co-operation on the G-7 Summit and within APEC; arranging a Japanese government Tourism Mission to Canada last September and holding a symposium on the Stewardship of the Environment initiative for the North Pacific in Vancouver in March.

We wish to build upon these successes, and in this regard I understand a meeting of the two advisory groups will be held this September in Vancouver and I am confident they will continue to expand opportunities for fruitful co-operation.

The Canadian Domestic Scene

These are interesting political times for Canada.

Our government was elected on a firm commitment to and mandate of economic growth and job creation. We know that exports and foreign direct investment will have an important role to play in this strategy. As I said earlier, Canada's Action Plan reflects our determination to promote our country's business ties with Japan.

We also know that strong fiscal management and political stability are essential to attract foreign direct investment. A strong economy is the key to a strong society. In this regard, we are gratified by the recent outlook of the OECD that suggests that Canadian growth levels in the years ahead will lead the G-7. The fact that we have managed to maintain growth levels while containing inflation and increasing productivity underlines the attractiveness of Canada as a base for investment in North America.

A number of other indicators also point to a strengthening Canadian economy. Economic growth has gained momentum over the last year, fuelled by exports and consumer spending. In fact, the recent strength of employment growth and consumer confidence suggest that the expansion is taking hold. Employment increased 178 000 since January and is now approaching pre-recession levels. Growth momentum is stronger than expected so far in 1994. Despite the rise in interest rates, real growth in 1994 will likely be stronger than the three per cent predicted in the budget. Meanwhile, inflation remains at record lows, and the Government remains firmly committed to fiscal responsibility. We are on track to achieving a reduction of the deficit to three per cent of GDP [Gross Domestic Product] in three years. Our ultimate goal, of course, is still the elimination of the deficit.

I know there are foreign investors concerned by the political situation in Canada. Investors should not be worried every time a provincial election is called in Quebec, especially when polls suggest that people in Quebec would choose to stay in Canada.

Tensions between provinces and the central government are not unique to Canada, they are part of every federal system.

Canadians expect their government to govern with honesty and integrity. Perhaps more important than a perfect constitution is the good and responsible conduct of a government. Quebec also recognizes this. The high personal standing of Prime Minister Chrétien in Quebec demonstrates that people have confidence in his leadership.

We are calm and confident on the eve of the Quebec election. We are fully confident that Premier Johnson can win. If not, let me remind you that Quebec elected a Parti québécois government in the past, then rejected its separatist proposal in a referendum, then re-elected it some months after that. Polls in Quebec today suggest a very similar duality in the minds of Quebecers.

People in Quebec have also been hit hard by the recession. They see that Canada is recovering and I do not think that they are willing to jeopardize the recovery by voting for separation.

Canada this year topped the UN Human Development index, which identifies the living conditions and quality of life around the world. Canada remains an excellent place in which to live, to work and to invest. In a turbulent and unpredictable world, Canada, like Japan, remains a prosperous and peaceful nation.

After my visit to Japan, I am convinced that the scope for our co-operation, between governments, between business, and between people, both in Asia and throughout the world, is rich and exciting.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE DEUTSCHE BANK DINNER

TORONTO, Ontario
July 21, 1994

Canada

As International Trade Minister, I am confronted with issues that go beyond international trade in goods. As you are well aware, trade also means services and, increasingly, servicing a foreign market means making an investment.

In the case of Canada and Europe, the flow of investment has become a fundamental characteristic of our bilateral relations.

Tonight, I would like to share with you some thoughts on current investment issues as they relate to Canada-Europe trade relations and to the work being done at the international level to develop a rules-based investment regime. I will also touch on efforts to secure access and protection for Canadian investment abroad and on our approach to creating a competitive investment climate in Canada.

When the basic framework of modern international trade rules was initially negotiated after the Second World War, goods constituted the bulk of trade. We had to wait until the eighties to witness the elaboration of similar rules applying to trade in services, first in regional arrangements, such as the Canada-U.S. Free Trade Agreement and the single market initiative and, subsequently, in the multilateral system.

Efforts to bring investment under the discipline of the international trading system have so far been limited essentially to regional agreements; and only preliminary work has been done to build bridges between these groupings or, more globally, to develop an internationally agreed set of rules governing investment.

Yet, over the last two decades, the globalization of the economy has led to a restructuring of trade and investment patterns. A significant expansion in worldwide direct investment flows has been at the centre of these changes.

National treatment, cultural and market differences, varying standards and business practices, and proximity to clients are but a few of the main factors which have made investment one of the most practical market penetration techniques between regional economic groupings such as North America and Europe.

Recent investment flows between Canada and Europe illustrate this point well. Between 1985 and 1992, European firms doubled their investment in Canada to reach \$32 billion. In turn, Canadian firms tripled their investment in the European Union to reach \$21 billion by 1992.

By investing abroad, these Canadian and European firms are ensuring their own survival in the global economy. Through a variety of investment arrangements, such as acquisitions, strategic alliances and joint ventures, they can lever their capital. They can obtain access to technology, management skills, research and development, training and local market

expertise which they often do not possess or which would be too costly to develop on their own.

The 1300 Canadian-based firms operating affiliates abroad are more competitive. They have better profits, higher productivity, superior sales and asset growth and spend more on research and development.

Since these business trends are part of the new international trade reality, Canada and Europe should do more to facilitate further the flow of quality investment between them. We should go beyond the stage, as we have often done in the recent past, of characterizing ourselves as economic rivals. We must make a successful transition from a relationship dominated by Cold War security concerns to one shaped by our complementary economic interests in the global race for economic prosperity.

For the time being, the newly formed World Trade Organization [WTO] provides a basic framework within which to build a stronger economic relationship with Europe in the years ahead.

In the specific area of investment, a number of bilateral agreements are already in place to facilitate the two-way flow of investment. Further negotiations are underway with the European Union on agreements on standards, science and technology and customs co-operation but more needs to be done if Canadian and European companies are to capitalize fully on the opportunities offered by their respective regional markets.

At the multilateral level, notably within the Organization for Economic Co-operation and Development [OECD] and the GATT/WTO [General Agreement on Tariffs and Trade/World Trade Organization], work is being done to establish principles and issues that would lead to an international investment agreement putting investment under a similar discipline as trade in goods and services.

The need for such discipline stems from the fact that, despite significant progress, many countries have not done enough to liberalize their laws and regulations on inward foreign investment. There has also been a rise in informal investment barriers. At the other extreme, many countries eager to attract foreign investment have engaged in predatory practices such as the use of overly generous incentives.

Although no broad consensus has yet developed on a number of principles that Canada considers key and are included in the NAFTA [North American Free Trade Agreement], we continue to pursue, through the OECD and the GATT/WTO, international discipline on access, protection and competition for investment.

In the absence of an international regime, Canada has succeeded in improving access and protection for Canadian investment abroad through the North American Free Trade Agreement and a number of bilateral foreign investment protection agreements.

Canada is also striving to attract more direct foreign investment. Canadians are well aware of the contributions of foreign investors, particularly American and European, to the development of the industrial and technological base of this country.

To that end, the Canadian government is, first and foremost, committed to creating the conditions that produce strong and sustained economic growth. In addition to our own comparative advantages, Canada's sound and prosperous domestic economy — fully integrated to one of the richest markets in the world — constitutes the most attractive incentive for forward-looking investors.

Our approach is to put in place an economic policy framework that will ensure that investors, be they Canadian or foreign, find in Canada a propitious environment for their businesses to grow and prosper. We want companies to make location decisions not so much on the amount of one-time incentives that might be available, but on the broad and long term economic growth prospects.

In that regard, Canada is currently outpacing most of the developed world in economic growth. Our economic recovery, led first by a record level of exports, is now broadening to include consumer spending. Our annual growth rate based on the six-month period ending March 1994 was four per cent. There is every reason to believe that we will continue to grow at a comparable rate in the foreseeable future.

Employment has risen by 180 000 jobs since January. The majority of these are full-time jobs providing the steady wages that will contribute to even greater consumer spending.

At the same time, costs in the Canadian economy are staying down. Among the G-7 [Group of Seven leading industrialized] countries, we have the lowest inflation rate. In May, consumer prices were actually lower than they were a year ago. The annual inflation rate stood at one per cent, a figure that, a few years ago, would have been considered unimaginable.

Our unit labour costs have been falling in line with those in the United States, due to the combination of low wage increases and significant productivity gains, particularly in the manufacturing sector. This is contributing to the sustained strength of our exports, which are also benefiting from improved terms of trade brought about by our cheaper dollar.

The main challenge facing all governments in Canada is to create a healthy fiscal climate. There is a wide consensus on this issue among the federal government and the provinces. Fiscal restraint is not an end in itself, but by reducing our deficit and lowering our debt burden, we will be able to achieve lower interest rates. This, in turn, will lead to higher consumer and investor confidence and increased economic growth.

Fiscal restraint is a fundamental requirement which will allow other government initiatives to succeed in achieving the overriding goal of job creation.

At the federal level, it is extremely important that we achieve the fiscal targets set out in the last budget, despite the recent run up in interest rates. Both the Prime Minister and the Minister of Finance have stated unequivocally that they will take whatever actions are required to meet our deficit targets — three per cent of GDP [Gross Domestic Product] — a target not reached since 1977. Our ultimate goal, as stated in the Red Book, is to balance the budget.

Just as we are taking practical steps to deal with our fiscal situation, we are also striving to make concrete improvements in the working of the Canadian Federation. The Government is deeply engaged in practical, co-operative efforts with the provinces to make the Canadian Federation work better for all Canadians. The infrastructure program, the reform of the GST [goods and services tax] and of social security programs, the Team Canada approach to international business development are but a few areas where the provinces and the federal government co-operate constructively to build a stronger future for Canadians.

Earlier this week, the Prime Minister and the provincial premiers signed an internal trade agreement to eliminate and reduce interprovincial trade barriers. As well as enhancing the predictability and stability of the Canadian marketplace and adding to the confidence with which businesses can operate in Canada, the agreement is further proof that federalism can and does work.

Thank you.



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STATEMENT

94/38



AS DELIVERED

AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE ASEAN POST-MINISTERIAL CONFERENCE
SIX PLUS SEVEN OPEN SESSION

BANGKOK, Thailand
July 26, 1994

Mr. Chairman, distinguished colleagues:

It is a privilege and a pleasure for me for the first time to represent Canada at the annual ASEAN [Association of Southeast Asian Nations] Post-Ministerial Conference. The Post Ministerial Conference [PMC] has become an important fixture in the calendars of successive Canadian foreign ministers since Canada became a Dialogue Partner in 1977. I look forward to the opportunity to benefit from the shared experience of this gathering and to contribute Canada's perspective on the important issues we shall be discussing.

With the inauguration yesterday of the ASEAN Regional Forum [ARF] we have opened another important channel for consultations within the ASEAN-led process.

With the ARF we have started something new — something that both reflects the profoundly changed international situation and signals the way for the future. Inspired by the ASEAN traditions of discussion and consensus, we have begun to develop a framework for a co-operative security dialogue which will contribute to stability and prosperity in the region.

The Canadian government is committed to promoting the full range of Canada's interests and values in the conduct of our international affairs, be they human rights, the environment, the economy, trade or peace and security. In this context, we are committed to expanding our relations with the Asia-Pacific region. This new emphasis is reflected in the review of our foreign policy being conducted by the Parliament of Canada.

The threats to international peace and security are changing rapidly. We will continue to shift away from security structures designed to contain Cold War threats and toward new architectures designed to manage instability. The creation of the ASEAN Regional Forum is an important step in this process.

We must prevent possible new sources of conflict by strengthening programs aimed at dismantling nuclear weapons and reducing conventional arms transfers. We should universalize the Non-Proliferation Treaty [NPT] which is up for renewal next April. In particular, the countries of South Asia and the Middle East should accede to the NPT in the interest of their own security. North Korea presents a special case. It must live up to its NPT and safeguards obligations that it entered into freely.

Large-scale movements of peoples, whether refugees displaced by persecution or persons seeking improved economic conditions, are continuing. We see this throughout the world whether it be Rwanda in Africa, Haiti in the Western Hemisphere or Burma in this region. We must work together to address the root causes of migratory pressures and not just deal with the consequences.

One root cause is the pursuit of nationalism as a political ideology. We all have an obligation to ensure that our ethnic, religious and cultural minorities are not the subject of intolerance and mistreatment.

Economically, we are faced with explosive change. Dramatic developments in technology are driving changes in the organization of production, in investment patterns and in financial transfers. These trends are particularly noticeable in the Asia-Pacific region. In managing these changes we must be sensitive to the importance of protecting the natural environment.

Looking at the immediate region, we continue to applaud the prosperity of ASEAN and its members, recognizing of course that this prosperity is based on maintaining peace and security. Canada's interest in furthering this objective is reflected in the practical contributions we continue to make in the region, from the provision of de-mining expertise in Cambodia to the sponsorship with Indonesia of informal talks on tensions in the South China Sea.

I would like to address briefly three issues which are of particular interest to ASEAN and to the Dialogue Partners. I speak of Cambodia, Viet Nam and Burma. Cambodia represents one of the great successes, and continuing challenges, of international peacekeeping. Canada was proud to be a signatory to the Paris Peace Accords. We provided over 200 service personnel and 100 civilians as our contribution to the largest peacekeeping operation in the United Nations history.

It is thus with increasing concern that we note recent developments in the country that now threaten the gains which have been achieved at such cost. The Khmer Rouge, whose appalling human rights abuses shocked the world in the 1970s and which boycotted the UN-sponsored elections, are continuing the civil conflict in the country. While, ultimately, Cambodians themselves must achieve a lasting peace to allow the reconstruction of their country, it is in the interest of the entire international community to ensure that the legitimately elected government is supported and that strong measures are taken to ensure that the Khmer Rouge receive no assistance from any source.

Viet Nam is continuing its reintegration into the regional and world economies, a process which receives Canada's full support. Our bilateral relations with Viet Nam are continuing to improve. In June, Canada welcomed Viet Nam's Deputy Prime Minister, Mr. Phan Van Khai. During that visit Canada and Viet Nam signed the first agreements between our two countries in the spheres of economic and development co-operation. In this context, we look forward to a rapidly expanding relationship.

We are concerned that stability in another part of the region remains elusive. I am speaking of Burma, where the military regime continues to block democratic reform, detain political opponents without trial and impose harsh and unjust treatment on large segments of the population. While Burma's opening to its neighbours after decades of self-imposed isolation is encouraging and may offer the hope that the regime's policies will moderate over time, we need to see evidence of real commitment to political reform.

We call on the Burmese regime to respond to the concerns of the international community by releasing all political prisoners and by taking concrete measures for the restoration of democracy. We hope that other countries, including our ASEAN partners, will take account of these concerns in their approach to Burma, perhaps in the form of benchmarks that would measure the progress of reform.

Canada is committed to develop its relations with the Asia-Pacific community. With the new ASEAN Regional Forum, the ASEAN PMC, and APEC [Asia-Pacific Economic Co-operation forum], we now have a complete range of fora to address specific issues and to engage in co-operation in specific areas.

We look forward to working closely with you.

Thank you.



Government
of Canada

Gouvernement
du Canada



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STATEMENT

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE ASEAN POST-MINISTERIAL CONFERENCE
THREE PLUS ONE OPEN SESSION



BANGKOK, Thailand
July 27, 1994

Canada

Your Excellencies, the distinguished foreign ministers of Indonesia, Malaysia and Brunei Darussalam, ladies and gentlemen:

Let me first thank you, Foreign Minister Alatas, for your opening remarks on Canada's relationship with ASEAN [the Association of Southeast Asian Nations]. During the past three years, Indonesia has co-ordinated and managed our Dialogue relationship with skill and dedication.

Canada attaches great value to its privileged Dialogue relationship with ASEAN, one of the world's most successful regional organizations. The Canada-ASEAN relationship has become a broad-based political and economic partnership of mutual benefit that has evolved from Canada's early development-focused bilateral contacts with individual ASEAN countries in the 1950s. Our partnership continues to evolve and grow. Economic co-operation for shared benefit now underpins our relationship.

Our development co-operation now encompasses activities in forestry, agriculture, fisheries, marine environment, telecommunications and training. We aim to create the basis for self-sustaining long-term linkages. The Canadian International Development Agency's funding of the Canada-ASEAN Centre is one example of this. I look forward to exploring potential further areas of co-operation, such as in science and technology and environmental management.

At the official or government level, our Dialogue relationship has intensified and the pace of progress has accelerated. At last year's PMC [Post-Ministerial Conference] in Singapore, Canada and ASEAN signed a new Economic Co-operation Agreement to promote closer industrial, commercial and development co-operation. Reflecting the future direction of co-operation between Canada and ASEAN, this new agreement will foster greater private sector co-operation, assist in the liberalization and expansion of trade relations and target development to the mutual benefit of us all.

As a further indication of the intensification of the Dialogue relationship, meetings of the Canada-ASEAN Joint Co-operation Committee [JCC] this year moved from an 18-month to an annual cycle with the holding of the Ninth JCC in Ottawa in June. This meeting reviewed a wide range of economic and trade issues of mutual interest, from the completion of the GATT [General Agreement on Tariffs and Trade] Uruguay Round and creation of the World Trade Organization, to regional trading relationships (the AFTA [ASEAN Free Trade Area], the NAFTA [North American Free Trade Agreement] and APEC [the Asia-Pacific Economic Co-operation forum]), to questions of market access. With the complexity and variety of issues under discussion, Canada regards the JCC as an important venue for policy dialogue with its ASEAN partners in the run-up each year to the G-7 [Group of Seven leading industrialized countries] Summit and the PMC. As we will be hosting the next G-7 Summit in Halifax, we especially look

forward to hearing your views. We also look forward to sharing views with Brunei as chair of next year's PMC.

Economic and commercial relations are an area of increasing promise and opportunity as private sector linkages continue to develop and expand. Two-way trade between Canada and ASEAN, now at almost \$5 billion, has more than doubled in the past five years and has tripled over the past decade. While we are confident that trade will expand even further, we are conscious of the need to remain competitive. However, we also need to work with ASEAN for greater mutual trade liberalization to improve market access for goods and services. I would look forward to hearing your views on how each of our governments can change our rules and regulations to allow greater trade and investment based on GATT-compatible principles.

For Canada's part, we view many of the provisions of the NAFTA as a model of how Canadian and ASEAN markets may be liberalized. For example, we are looking to start negotiations with a number of ASEAN countries on a new Foreign Investment Protection Agreement [FIPA] based on NAFTA principles. ASEAN countries received copies of the model agreement at the JCC. Over the coming months, Canada will also be tabling, through the JCC process, a number of market access issues in the insurance field that I hope ASEAN governments will review positively. We need more ideas on how we can help each other to give our respective private sectors a head start into the Asian and North American markets. Perhaps we can discuss this issue further today.

Canadian activity in ASEAN countries through joint ventures and other forms of investment continues to expand. At almost \$4 billion, Canadian investment in ASEAN represents an increasing proportion of overall Canadian foreign direct investment. We would like to see this figure increase and we also want to see more investment from ASEAN countries in Canada.

ASEAN's concerns about investment diversion caused by the NAFTA have been studied and the early evidence is that less than one per cent diversion will occur.

Canadian firms make good partners for ASEAN manufacturers interested in the growing NAFTA market. Canadian firms have the understanding of North American distribution that will be costly for ASEAN firms to acquire alone. As governments, we should facilitate these private sector partnerships.

Finally, I should like to say a few words here about our commitment to APEC and broader co-operation in the Asia-Pacific region. Canada regards our joint work in APEC and ongoing co-operation with ASEAN in the PMC as complementary and mutually reinforcing. We commend the leadership role of Indonesia this year in hosting the next APEC Ministerial and Leaders' Meetings.

As we work together with our Indonesian friends, we see future opportunities to co-operate with ASEAN in APEC. I note that after Japan chairs APEC next year, the Philippines and then Canada will follow. Already we are consulting our Philippine colleagues to ensure good management of APEC over 1996-97. It is essential that as APEC evolves it should contain a strong ASEAN. You can count on Canada's support as we co-operate to build APEC as a new bridge across the Pacific.

I would like to close by inviting you foreign ministers and your three ASEAN colleagues, to join me in Canada at some appropriate time in the future, for an informal gathering on our common destiny.

Thank you.



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STATEMENT

94/40



CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE CANADIAN CHAMBER OF COMMERCE IN HONG KONG
AND THE CHINESE-CANADIAN ASSOCIATION

HONG KONG
August 1, 1994

Ladies and Gentlemen,

Thank you for your kind introduction. I am very honoured to be here today as your guest.

I know the vital role the Chamber plays in developing commerce across the Pacific between Canada and Hong Kong and, increasingly, with China.

The Chinese-Canadian Association is also playing a strong and creative role. I want to congratulate you in particular on the creation of the new Canadian International School.

I have no doubt that your two groups have benefited from the outstanding efforts of Canada's Commissioner to Hong Kong, John Higginbotham. As he will be leaving this post in a few days, let me take this opportunity to thank him and to wish him "bonne chance" in his new assignment.

The new Liberal government of Prime Minister Chrétien has made Asia Pacific an area of top priority. We recognize the growing economic and political influence of the region, and are determined to reach out to Asia, to build new networks of political dialogue, investment, commerce and personal contacts.

This is the purpose of my visit to Asia, which has taken me to Tokyo, Seoul, Bangkok and Beijing.

Canada is determined to be a creative force in the development of new regional institutions such as APEC [the Asia-Pacific Economic Co-operation forum], which provide a new framework for growth and a forum for co-operation. Just as Canada was instrumental in the development of the organizations that helped rebuild postwar Europe, from NATO [North Atlantic Treaty Organization] to the CSCE [Conference on Security and Co-operation in Europe] and from the OECD [Organization for Economic Co-operation and Development] to the GATT [General Agreement on Tariffs and Trade]. As we have played a very important transatlantic role in the past, now we are ready to play a similar transpacific role in the future.

I invite you in the business community to follow and support the development of APEC, particularly given Hong Kong's membership. APEC's success or failure will impact directly upon you. A stable economic and political environment, good governance and the rule of law are vital regional as well as national goals. APEC, like the new World Trade Organization globally, or the NAFTA in North America, is a framework to release the full energies of the private sector in creating economic prosperity.

Canada is well-known as a country that seeks creative, diplomatic solutions to international security problems. Canada will play its full part in Asia, in partnership with other countries, to

preserve and enhance the relatively stable peace and security situation in the region.

Canadian peacekeepers and monitors have been active in Asia for over five decades, including our lengthy role in Indochina as part of the International Control Commission and our current monitoring and mine removal program in Cambodia under the UN [United Nations] flag. Canada was not found wanting when others chose war over peace, as the many Canadian gravestones in Hong Kong and Korea attest.

Prospects for future peace in Asia Pacific have never been brighter. A few days ago I attended the inaugural conference of the 18-member ASEAN [Association of Southeast Asian Nations] Regional Forum in Bangkok. Canada is a strong supporter of such a forum. Preventive diplomacy, confidence building measures, nuclear non-proliferation, curbing the conventional arms buildup, and the situations in North Korea and the South China Sea are only a few of the issues we discussed there.

Throughout our discussions there appeared to be common ground that disputes should be solved via political dialogue and that continuing economic growth throughout the region depends on a stable, peaceful environment.

CHINA

Let me now turn to Canada's policy on China, which I know will be of particular interest to many here. We recognize China's central role in global development as one of the great emerging facts of the 21st century. Our relationship with China is based on four equal pillars: economic partnership; sustainable development that protects the environment; regional and international peace and security; and human rights, good governance and the rule of law.

All four of these pillars were featured in my discussions with Premier Li Peng, Deputy Prime Minister Zou and the Foreign and Trade Ministers. My discussions were highly productive in advancing our relations with China and in putting us on course for a greatly expanded relationship based on mutual respect and mutual benefit.

In Beijing, I emphasized the great complementarity between Chinese economic requirements and Canadian capabilities. I am very hopeful we will witness enhanced economic co-operation in a variety of areas, including: energy, transportation, telecommunications, environmental protection, agricultural products, services and oil and gas.

It is Canada's intention to enhance high-level two-way visits with China to promote economic co-operation and political

dialogue on international and regional security issues, as well as on social and legal reforms. Prime Minister Chrétien's visit to China in November will be the centrepiece of this interaction. As part of a "Team Canada" approach, the Prime Minister will be accompanied by ministers, provincial premiers and mayors, and well over 200 business persons.

Only systematic and wide-ranging contact of this kind will allow Chinese society to balance the need for greater openness and freedom with the imperatives of stability and economic development.

HONG KONG

Let me talk about Hong Kong now — Hong Kong and Canada have a privileged and dynamic relationship. Strong historical, trade and family ties between us build our economies and enrich us in a myriad of ways, on both sides of the Pacific.

The emerging business linkages between Canada, Hong Kong and China, based on the huge movement of people over decades, are a particular advantage to Canada. The tremendous reservoir of talent and knowledge found within the Chinese-Canadian community in Hong Kong, many of whose leaders are here today, is an asset that we treasure.

More than 40 000 Canadians live in Hong Kong. Last year, Canada welcomed over 30 000 immigrants from Hong Kong. It is Canada's largest source of immigration, and we expect that this year Hong Kong will again be our leading source of new Canadians. My Secretary of State for Asia Pacific, Raymond Chan, himself a Hong Kong immigrant to Canada, can testify to the growing importance of the Asian community in Canadian political life.

Canada and Hong Kong also enjoy a very robust trade relationship. Bilateral trade in 1993 reached almost \$2 billion and investment in Canada from Hong Kong was worth several billion dollars last year.

This morning I strengthened our relations further with the signing of a Memorandum of Understanding on the further promotion of cultural co-operation between Canada and Hong Kong, and with an exchange of letters extending our bilateral agreement to co-operate on legal matters in the fight against drug trafficking.

Let me now turn to the question of 1997. For all the reasons I have mentioned, Canada has a vital interest in seeing a smooth, orderly and equitable transition, one that will maintain the well-being of our large Canadian community here. I can assure you that I made this point very clearly to the Chinese leadership in Beijing last week.

Canadians will continue to follow very closely the changes that Hong Kong people and institutions will face in the next few years. While 1997 will be a major watershed in your history, we are confident that Hong Kong's unique character and vital economic role will be preserved and strengthened in coming years. We have confidence in Hong Kong and in China to make things work.

CANADA

Let me turn, finally, to the economic and political scene in Canada. I am well aware that Hong Kong, as a major financial centre for Asia and such an important source of direct investment to Canada, takes a special interest in the domestic situation in my country.

There is no doubt that these are interesting political times for Canada, particularly with the upcoming provincial election in Quebec on September 12. Let me update you on the economic and political front.

Our government was elected on a firm commitment to and mandate of economic growth and job creation. We know that exports and foreign direct investment will have an important role to play in this strategy.

We also know that strong fiscal management and political stability are essential to attract foreign investment. A strong economy is the key to a strong society. In this regard, we are gratified by the recent outlook of the OECD that suggests that Canadian growth levels in the years ahead will lead the G-7 [Group of Seven leading industrialized countries]. The fact that we have managed to do so while containing inflation and increasing productivity underlines the attractiveness of Canada as a base for investment in North America.

A number of other indicators also point to a strengthening Canadian economy. Economic growth has gained momentum over the last year, fuelled by exports and consumer spending. In fact, the recent strength of employment growth and consumer confidence suggests that the expansion is taking hold. Almost 200 000 jobs have been created since January and employment is now approaching pre-recession levels. Growth momentum is stronger than expected so far in 1994. Despite the rise in interest rates, real growth in 1994 will likely be stronger than the three per cent predicted in the budget. Meanwhile, inflation remains at record lows, and the Government remains firmly committed to fiscal responsibility. We are on track to achieving a reduction of the deficit to three per cent of GDP [gross domestic product] in three years. Our ultimate goal, of course, is still the elimination of the deficit over a reasonable period of time.

I know there are foreign investors concerned by the political situation in Canada. Investors should not be worried every time a provincial election is called in Quebec, especially when polls suggest that people in Quebec would choose to stay in Canada. Tensions between provinces and the central government are not unique to Canada, they are part of every federal system.

Canadians expect their government to govern with honesty and integrity. Perhaps more important than a perfect Constitution is the good and responsible conduct of a government. Quebec also recognizes this. The high personal standing of Prime Minister Chrétien in Quebec demonstrates that people have confidence in his leadership.

We are calm and confident on the eve of the Quebec election. We are fully confident that Premier Johnson can win. And if not, let me remind you that Quebec elected a Parti québécois government in the past, then rejected its separatist proposal in a referendum, then re-elected it some months after that. Polls in Quebec today suggest a very similar duality in the minds of Quebecers.

People in Quebec have also been hit hard by the recession. They see that Canada is recovering and I do not think that they are willing to jeopardize the recovery by voting for separation.

Canada this year topped the UN Human Development Index, which identifies the living conditions and quality of life around the world. Canada remains an excellent place to live, to work and to invest. In a turbulent and unpredictable world, Canada remains a prosperous and peaceful nation.

Ladies and gentlemen, let me ask all of you to work with us to build even more bridges across the Pacific between Canada and Hong Kong, bridges that carry knowledge and prosperity in both directions.

Thank you.



STATEMENT

94/41



CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
AT THE AUSTRALIAN NATIONAL UNIVERSITY
"CANADA AND THE ASIA-PACIFIC REGION"

CANBERRA, Australia
August 4, 1994

Professor Ricklefs, ladies and gentleman:

It is certainly an honour for me to meet with you this afternoon during my first visit to Australia.

I came to Australia as head of the Canadian delegation to the South Pacific Forum. This provided an opportunity to meet with ministers from the region and to talk with Prime Minister Keating. I was also able to outline Canada's perspectives on some of the issues of mutual concern and those faced particularly by the small and often fragile economies of the South Pacific Island States.

Here today, you provide me with another, and very welcome, opportunity to outline Canada's interests and involvement in the Asia-Pacific region.

Since my appointment as Secretary of State (Asia-Pacific) last October, I have had a number of opportunities to travel within the region, and I have been pleased by how well Canada was received among those I have met.

Despite the very positive attitude towards Canada, it would, however, appear that Canadian interests and engagements in Asia-Pacific are not exactly well-known. I am not entirely sure why this is the case — perhaps it is a combination of Canadian modesty and the preoccupation with the role of the United States. Maybe it is simply that we do not toot our own horn often and loudly enough.

Having myself been an immigrant to Canada from Asia, I have taken great interest in the movement of peoples and the impact this has on a country. Throughout Canadian history there has been an inexorable push west across our large country towards the Pacific. Legendary companies such as the Canadian Pacific Railway (which is still one of the largest transportation companies in the world) evoke this preoccupation with the Pacific. Thousands of labourers from China were involved in the construction of this ribbon of steel over 100 years ago and, as a result, Canada became well known in the villages of southern China.

Today the term "Asia-Pacific" is not just a distant geographic concept for Canadians but is very much part of the psyche of modern Canada. Fifty per cent of the immigrants to Canada now come from the Asia-Pacific region and five per cent of Canadians trace their ancestry to the Asia-Pacific region.

Canada's own involvement in the Asia-Pacific sphere goes back well over a century to when Canadian missionaries were active in China. I mention this because several of the sons of these missionary families were instrumental in shaping the nascent Canadian Department of External Affairs and left an indelible

impression on the Department's interest in Asia which continues to this day.

Our focus has not just been on the northern part of Asia. One of the first Canadian trade officials posted abroad opened a trade office in Sydney, New South Wales, in 1895. Next year marks the centenary of Canada's trade relationship with Australia and a number of events are being planned to underline the importance of the Canada-Australia relationship.

Links between Canada and the Asia-Pacific developed rapidly in the early 20th century and were strengthened through the efforts of the private sector, including the Canadian Pacific Steamship Company whose "Empress" liners plied between the west coast of Canada and many Asian ports.

Because our forces were mainly engaged in Europe, Canadians did not participate as extensively as Australians in the Asia-Pacific theatre during the Second World War, but a regiment of young Canadians fought and died defending the British Colony of Hong Kong. Canada's wartime links with Australia are many and varied: the Royal Newfoundland Regiment served alongside Australian and New Zealand troops in Gallipoli; a Canadian signals contingent served in Darwin intercepting Japanese communications in 1944-45; some 10 000 Australian airmen trained in Canada under the Commonwealth air training plan in the 1940s; and Canadian and Australian troops served in Korea as part of a Commonwealth division. More recently, we have both put peacekeeping troops into places like Cambodia and Somalia.

Canada became involved in Indo-China in the early 1950s, not as a protagonist, but as a peacekeeper. Canadian military and diplomatic personnel served in this capacity during the two Indo-China control commissions. The legacy of that interest in, and commitment to Southeast Asia, remains to this day, as evidenced by our involvement in the Cambodian peace process and our provision of military personnel there. Canadian forces are still there helping to remove mines, and a Canadian officer is in charge of demining training.

Canada was one of the original members of the Colombo plan which began in the early 1950s. As well, Canada was one of the founders of the Asian Development Bank and is still its third-largest contributor. Indeed, 30 per cent of Canada's annual development assistance budget of just over \$1 billion is disbursed in the Asia-Pacific region.

Today Canada's relationship with the Asia-Pacific is varied and increasingly dynamic.

The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product and, in recent years,

the export sector has been the most dynamic element of economic growth in Canada.

After North America, the Asia-Pacific has become Canada's most important trading region and is the second-fastest-growing market for Canadian exports. Canada's trade with the Asia-Pacific surpassed our trade with Europe in 1983 and is now 45 per cent greater.

Ten of our top 25 trading partners, including Australia, are Asia-Pacific countries.

Much of Canada's trade with the Asia-Pacific is from Canada's western provinces. My home province of British Columbia trades more with Asia-Pacific than it does with the United States. When you consider that the state of California — 30 million people with the world's ninth-largest economy — is just two hours by air south of British Columbia, this is quite telling.

Asia-Pacific is increasingly a leading source of foreign direct investment and new technology for Canada. Over the past decade, Japan moved from being the eighth-largest foreign investor in Canada to the third-largest, behind the United States and the United Kingdom. Japanese direct investment has doubled since 1985 to almost \$10 billion, while portfolio investment, mainly in federal and provincial investment, has reached \$46 billion. Other Asian economies, such as Hong Kong, Singapore, Taiwan, and the Republic of Korea, have also become major investors in Canada.

Looking ahead, like Australia, we have a cultural advantage in Canada that many of our competitors lack. That is the large and growing number of Canadians of Asia origin, now approaching one million people. Chinese is now Canada's third most commonly spoken language in the home. This brings with it business, financial and particularly family connections, which, as you know, play an important role in Asian society and decision making.

Enhanced language capability and cultural awareness will be fundamental to international competitiveness. This is the prime reason why the Canadian government established the Asia-Pacific Foundation a decade ago in Vancouver, and why five years ago a multi-million dollar initiative called "Pacific 2000" was launched with an emphasis on encouraging Canadians to become more Asia-literate. Here I must acknowledge that we learned much from similar initiatives which were earlier developed in Australia.

We have also been impressed by the Australian example of promoting study in Australia by Asian students, and we are now in the process of establishing Canadian education centres in a number of Asian capitals to respond to the demand for education

in Canada. I am confident that the demand is sufficiently large to benefit both our countries.

An increasingly important element in Canada's trade and economic relations with the Asia-Pacific is the development and evolution of government and private sector linkages, the most important of which is APEC [the Asia-Pacific Economic Co-operation forum].

The Australian government, past and present, deserves great credit for its initiative in getting APEC launched as well as for maintaining the momentum of the APEC process.

Canada has been one of the most active players in the APEC process and we will continue to be active in helping to make APEC the primary framework for regional trade and economic co-operation.

Indeed, Prime Minister Chrétien's first visit outside of Canada after the election last year was to the APEC leaders meetings in Seattle. More recently, Mr. Chrétien and Prime Minister Keating have exchanged views on APEC issues both by telephone and when they met during the D-Day commemoration ceremonies in London.

In short, Canada and Australia are very much at one about the value of APEC to all the countries of the region. Yet we are also very much aware that much remains to be done to achieve APEC's potential. The central issue of how best to proceed down the trade liberalization track will require concerted thought and commitment if it is to be given a good launch by the APEC leaders meeting in Indonesia in November.

Being a middle power like Australia, Canada has always been conscious of the importance of dialogue, institution building, and multilateralism. This has been fundamental to Canada's approach to the question of regional security.

As some of you may know, we sponsored a North Pacific Co-operation Security dialogue and have been a significant player in the so-called Track Two Security dialogue in the region. Canada has played an active role in support of regional institutions like ASEAN [the Association of Southeast Asian Nations], both on the political and economic fronts, and now with respect to the newly created ASEAN Regional Forum. Like Australia, we have been working to create a regional security comfort level among the Forum countries and to bring about a focus on substantive issues, such as preventive diplomacy, peacekeeping and non-proliferation.

We have been ASEAN dialogue partners since 1977, and my colleague our Foreign Affairs Minister, André Ouellet, has just finished participating in the annual ASEAN Post-Ministerial Conference and Ministerial Meeting of the ASEAN Regional Forum. He also had an

opportunity for bilateral meetings with Senator Evans to discuss issues of importance to both Canada and Australia in the region.

Let me turn for a moment to the Canada-Australia relationship.

As I indicated earlier, the Canada-Australia relationship goes back many years, even to the early recorded history of both countries. Captain Cook, after charting the waters around Australia, went on to Canada where he helped General Wolfe navigate the St. Lawrence River in preparation for the historic battle on the Plains of Abraham which changed the course of Canadian history.

A number of events are planned next year to mark the centenary of Canada-Australia trade relations. This will include a visit by our International Trade Minister, my colleague Roy MacLaren, who will inaugurate a major trade and investment conference in Sydney next February. We are also hopeful that later in the year visits by Foreign Affairs Minister Ouellet and Prime Minister Chrétien can be arranged.

Canada-Australia relations are long-standing, friendly and broadly based. In addition to the historical links, bilateral trade and investment are substantial but could be higher. Two-way trade is at the \$2-billion mark and Australia is Canada's fifth-largest market in the region, and probably our best market in the Asia-Pacific region for elaborately transformed manufactures.

For decades we have had a history and practice of consulting together on international issues and domestic public policy issues such as immigration, multiculturalism, environment, native land title, health care, federal-state relations, etc. Because of the similarities between our two countries, we have a high level of comfort between the bureaucracies. This is best illustrated by the fact that at any one time there are around 15 Canadian public servants working within the Australian bureaucracy and a similar number of Australian officials in Ottawa.

We get along so well that we have even begun to share diplomatic premises abroad — the Canadian Ambassador to Cambodia works in the Australian Embassy; The Australian High Commission in Barbados shares the Canadian High Commission offices in Bridgetown.

Despite this excellent bilateral relationship (or maybe because of it), there has been a tendency over the past few years to take each other for granted to some extent. Some have explained this by suggesting that Canada has been rather preoccupied by its domestic agenda and the Canada-U.S. FTA [Free Trade Agreement], then the NAFTA [North American Free Trade Agreement], while

Australia has tended to concentrate most of its attention on its nearby Asia-Pacific neighbours. It seems to me that there would appear to be some truth in this.

Whatever the case, Canada continues to value and hold its relationship with Australia in high regard. Hopefully, the centenary of trade relations next year will offer a unique and historic opportunity to recommit ourselves to working together to our mutual advantage, particularly, though not exclusively, in the Asia-Pacific arena.

One important aspect of our bilateral relationship should be what I might call "inclusiveness." Too often when we in Canada talk about the "Asia-Pacific" we do not consciously include Australia in this geographic definition. The tendency is to think of Asian countries only, and I suspect the reverse is true in Australia where Canada does not immediately leap to mind in the Asia-Pacific context.

In both Canada and Australia, I hope we can amend our conception of Asia-Pacific and demonstrate a greater inclusiveness on both sides. This will be particularly apt as we have similar objectives in the development of important initiatives such as APEC and in moving forward on the regional security agenda. Given our similarity in our thinking on the APEC agenda, it makes sense for us to work closely together.

This should not be the only area for closer collaboration. Both our middle power countries have, over the years, made disproportionately large contributions to debates on international issues. Rarely, on fundamentals, have we not seen eye to eye. I therefore suggest that both our countries, as well as the international community, will benefit from a renewed Canadian-Australian commitment to bilateral and multilateral co-operation.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE COMMITTEE FOR THE ECONOMIC DEVELOPMENT
OF AUSTRALIA



SYDNEY, Australia
August 5, 1994

Mr. Chairman, ladies and gentlemen.

It is a pleasure to be with you today in the magnificent city of Sydney, on this, my first visit to Australia. I would like to thank CEDA [the Committee for the Economic Development of Australia] for giving me the opportunity to meet with you.

Canada and Australia are not only good friends and trading partners with very close ties on a wide range of domestic and international issues, we are also both Asia-Pacific nations with important interests in the region — a point not always appreciated in thinking about and dealing with each other.

Today, I would like to talk to you about our bilateral trading and economic relationship in particular and touch upon Canada's economic and trade relations with the Asia-Pacific region as a whole.

We have been doing business together since the last century. Our first trade office abroad was opened in Sydney in 1895, followed by one in Melbourne in 1903. Today we have a trade and investment relationship that is solid and diversified, but in my view not as large as it could or should be.

In 1993 our two-way trade amounted to over A\$2 billion and would no doubt have been higher but for the lingering recessionary ills affecting both our countries. And it looks as though Australians can take some satisfaction from the fact that, for the first time in many years, the trade balance was in Australia's favour, if only slightly.

In dollar value, Australia represents one of our 10 largest export markets. In the Asia-Pacific area, Australia is our sixth-largest trading partner. It is an attractive market for us because we sell a diversified range of goods; but more importantly, about 70 per cent of Canadian exports to Australia are semi-manufacture and end products, a proportion surpassed only in our trade with the United States.

Some items account for significant portions of the total exchange. In our case these include newsprint, chemicals, aerospace equipment and systems, automotive parts, telecommunications equipment, canned salmon, mining equipment, agricultural machinery, railway locomotives, and — would you believe it — canned cherries and asparagus. We are a major market for your meat, sugar, minerals, such as alumina, and increasingly for your fine wines, not least from the Hunter Valley.

For the future, we believe that Canadian companies will be highly competitive in sectors such as power generation and transmission, environmental technologies, transportation systems and services, telecommunications and computer software, mining equipment and technology, forestry-harvesting and sawmilling machinery and

medical and health sciences products. We also have leading-edge technology in remote sensing and small satellites.

The investment side of the ledger is obviously important in looking at any bilateral economic relationship. In recent years companies from both countries have established or acquired profitable operations in the other's market. Mayne Nickless, Foster's, MIM, TNT, Amcor, BHP, Boral Western Mining, and CSR, among others, are present in Canada. Several well-known Canadian firms have found a hospitable business environment here: Alcan, McCain, Bata, Nortel, DMR Associates, Moore Corporation, Golder Associates, Western Star Truck, Placer Pacific and Norcen to name a few.

More recently, of course, the Fairfax Group became part of Conrad Black's growing empire, although I'm not sure how hospitable his reception was or will be in the future. Last year, Canwest Global Communications from western Canada acquired a major holding in Australia's Channel 10; the Canadian Four Seasons chain took over the management of the Regent Asia-Pacific hotels, including those in Australia, and a Canadian company is active in the establishment of cable television here. The most recent major acquisition by a Canadian firm was Novacorp's \$135-million investment for a 25% stake in the Moomba-to-Sydney gas pipeline. Our best estimate is that Canadian Investment in Australia today totals approximately A\$5 billion.

Taken in aggregate these trade and investment figures seem respectable given that our combined population is about 45 million, our markets are thousands of kilometres apart and our economies are in some respects competitive rather than complementary. That said, I am persuaded, as I have previously mentioned, that we could both do better.

Using Canada as a base from which to tackle the large North American market must surely figure in the corporate strategy of any Australian firm, large, medium or small, thinking of establishing in our part of the world. Any such strategy cannot help but be informed by the positive effects of the Canada-U.S. Free Trade Agreement [FTA]. The FTA's effects are now being strengthened by those flowing from the North American Free Trade Agreement [NAFTA] which brings Mexico into close economic partnership with the United States and Canada. Obviously, for those firms in Australia whose global marketing strategy incorporates the targeting of North America, our hope is that similar business methods and environments will lead them to consider Canada as their North American Gateway.

It may be regarded as facile to employ terms such as "strategic partnerships" or "alliances" — but such approaches would certainly seem to make sense for Australian companies contemplating the North American market. Indeed this is now

being put into practice by our larger companies such as Nortel, MacDonald Dettwiler, Cognos, Placer Pacific, Weston Star Trucks, and McCain. Small to medium-sized Canadian firms such as Duha Paints, Walenga, Eco-Logic, and Maxter Industries are also actively involved in, or pursuing, alliances with Australian counterparts to do business in Australia and neighbouring countries. We in turn have been urging Canadian firms to use Australia as a gateway or Bridgehead to South East Asia.

At the government level, we are also beginning to examine whether we couldn't work more closely together in the area of science and technology where we both have particular strengths.

Alone we often find ourselves at a disadvantage vis-à-vis the research and development efforts of countries like the United States and Japan.

If we could ally our strengths in a few well-chosen areas we may jointly be able to mount successful ventures internationally. We have in mind sectors such as informatics, communications, space, remote sensing and defence technologies. Our hope is that Canada-Australia collaboration in one or more of these sectors will prove to be feasible and advantageous to both.

So, Mr. Chairman, we see the Canada-Australia relationship as being in good shape. Our connections are extensive and close. We consult on many subjects both domestic and international and we see Australia as an important economic partner, both now and in the future. However, as I have said, I think that on the trade and investment front, we could do better.

To help expand this relationship and celebrate the centenary of the opening of our Sydney trade office, my colleague Roy MacLaren, the Minister for International Trade, will be leading a Canadian business delegation to Australia next February. This visit will coincide with a major trade and investment conference we are planning to hold in Sydney, February 13 and 14. The objective of the conference will be to highlight our trading and economic relationship and to identify additional areas of collaboration.

Mr. Chairman, let me now turn to Canada's relations with the Asia-Pacific region generally. As in Australia, there has been in recent years an increasing focus on the countries of the Asia-Pacific; and despite suggestions to the contrary, our membership in the North American Free Trade Agreement will not lessen Canada's interests in expanding trade and investment with the countries of the region. Trade is too important to the Canadian economy for us to ignore an area for such economic dynamism. Only Germany of the G-7 [Group of Seven leading industrialized] countries relies more on exports in its national income than Canada. Exports account for about a third of our GDP [gross

domestic product] — the equivalent Australian figure, I am told, is around 20 per cent.

It was over a decade ago, in 1983, that our trade across the Pacific eclipsed our trade with Europe, and today Japan is our single largest overseas market, while China ranks as our fifth-largest trading partner. Ten of Canada's top 25 export markets are now Asia-Pacific economies and our financial, technological and investment ties with the region have also expanded dramatically over the last two decades. In 1993 Canada's two-way trade with the Asia-Pacific countries, excluding the United States, was over \$45 billion.

This is why we have a foreign economic policy strategy entitled "Pacific 2000" launched four years ago to promote Canada-Pacific business links, to upgrade Canada's Asian language skills, and to provide for increased co-operation in science and technology. It is why we have an Asia-Pacific Foundation. It is why we are such active members of the Pacific Community, as reflected in our commitment to and support for APEC [the Asia-Pacific Economic Co-operation forum], where Canadian-Australian collaboration is close and mutually supportive.

My point is that our stake in the region is already significant and it is growing. We intend to be a very active player in the future events and decisions shaping the new Asia-Pacific community. This can only lead, in my view, to closer co-operation between our two governments and between our two business communities.

So, to state that Canada is a Pacific Country is not simply to report a geographic fact. It is to assert a common interest and to declare a commitment to the region's future, and to the development of regional institutions such as APEC.

The Australian government deserves great credit for its initiative in getting the Asia-Pacific Economic Co-operation forum launched, as well as for maintaining the momentum of the APEC process. Canada will continue to be active in helping to make it the primary framework for regional trade and economic consultation and co-operation with the objective of bringing about further trade and investment liberalization in the region.

While the new World Trade Organization that will emerge from the Uruguay Round of trade negotiations will continue to serve as the cornerstone of the world trading system, APEC can serve some important regional priorities. There is, for example, scope in the short term for APEC-wide arrangements to help protect investment, for co-operation in customs and administration practices that inhibit trade and for improved conformance to standards. The longer-term objectives are to liberalize trade and investment flows in the region to the advantage of all.

Moreover, APEC could assume an important role in addressing and constructing innovative approaches to a new generation of issues arising as a result of the forces of globalization.

Canada and Australia are very much at one about the potential value of APEC to all the countries of the region. I say "potential," because I think it would be misleading to suggest that the APEC process will have a major impact on the economy of the Asia-Pacific region in the short term. We are at an early state in the building of APEC, and it would therefore be unrealistic to expect major results tomorrow. It is a long-term construction process, but one well worth our investment of time and effort.

Mr. Chairman, before I conclude I wanted to say a few additional words about NAFTA, the North American Free Trade Agreement, because there have been suggestions in Australia and elsewhere that we have put in place an exclusive trading bloc that does not seem to be consistent with our commitment to the Asia-Pacific region or to multilateral trade liberalization.

What the agreement initiated when it took effect on January 1 this year was a more predictable and effective rule-based framework to govern trade and investment flows in North America — that is, a new set of rules to cover investment and more than \$300 billion in annual three-way trade. Essentially, it extends the benefits of the Canada-U.S. Free Trade Agreements to Mexico and strengthens and expands the provisions of that accord. In other words, it further refines and enlarges the framework created by the Canada-U.S. accord which now governs the largest two-way trade relationship in the world.

It is, in fact, a major step forward in trade liberalization and a complement to the broader, and recently concluded multilateral trade negotiations of the Uruguay round. It is also fully consistent with the requirements of the General Agreement on Tariffs and Trade, which provides the basic rules for the international trading system.

The resulting liberalization of trade and investment will not only benefit the three partners to the agreement but also third countries.

Mexico's increased prosperity, as it outgrows its less-developed country status, and the higher overall growth in North America deriving from the NAFTA, will be trade-creating not only amongst the three partners, but between them and other countries. Thus, a more dynamic North American economy, including Mexico, will benefit producers in countries like Australia looking for new market opportunities.

I say this because I know concerns have been expressed that the NAFTA could lead to some trade and investment diversion. Certainly, it would be wrong to claim that regional trade arrangements could not in any way alter existing trade and investment patterns. However, one can not easily link such changes to regional trade arrangements alone, given the wider process of globalization under way in the world.

Our experience so far with the Canada-U.S. Free Trade Agreement bears out the point that the income or growth effects of open trade arrangements, which do not raise barriers to third countries, more than offset shifts in existing trade patterns.

In short, we see the NAFTA through rationalized production and enhanced incomes, generating a substantial increase in trade and investment opportunities for the entire global trading community.

Mr. Chairman, I hope my remarks have persuaded you and your colleagues here today that Canada's close friendship and ties with Australia are in good repair, and that prospects for even greater co-operation between our two countries in the economic sphere is both possible and desirable.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE MALAYSIA-CANADA BUSINESS COUNCIL
"A NEW FOCUS FOR CANADA IN THE ASIA-PACIFIC REGION"



KUALA LUMPUR, Malaysia
August 11, 1994

Canada

Thank you, Mr. Van Zeist, for your introduction and for the warm welcome you and the Business Council have extended.

I would like to begin today by outlining my responsibilities as Secretary of State for Asia-Pacific. My role is to advise Canada's Foreign Affairs Minister, André Ouellet, on Asia-Pacific matters, and my responsibilities therefore cover both geographic and sectoral issues, such as political and social developments, as well as economic matters and development assistance. I also assist International Trade Minister Roy MacLaren in his efforts to increase trade between Canada and the Asia-Pacific region.

The potential for Canada in Asia is enormous, and Canadians must prepare themselves to capitalize on the opportunities that are presented. To do this, we need good public and private sector co-operation in promoting our interests. We also need to capitalize on one of our somewhat underutilized natural resources: Canada's large and vibrant community of Asian-Canadians. It is clear that this community enriches Canada culturally. Also, working with Canadians who understand the Asia-Pacific market presents an advantage in developing trade and other ties to the region.

In addition to our obvious business interests, we also see the Asia-Pacific region playing an increasingly active role in international politics and security issues as its economic power grows. It is in Canada's best long-term interest to develop and diversify our economic and social ties with the countries of the region. Our political relations with the Asia-Pacific region are complex and challenging. Since the end of the Cold War, the region has evolved into an area of greater stability, productivity and justice and many countries have made significant progress towards more representative governmental systems.

Perhaps the most encouraging development in recent years in the Asia-Pacific region is the growing willingness to address security issues and potential problems multilaterally, using mechanisms such as the ASEAN [Association of Southeast Asian Nations] Post-Ministerial Conference, in which Canada is a Dialogue Partner. The process of multilateral consultation among regional governments on political and security issues was advanced significantly last month with the first meeting at the ministerial level of the ASEAN Regional Forum. This contributes an important element to our relationship. I am pleased to report that for the next three years Malaysia will be Canada's ASEAN Dialogue Partner.

One of the most interesting aspects of my work is that I have a unique opportunity to see first hand the vast diversity that makes this region so exciting, and to observe the many ways in which Canadian interests are engaged here. My first trip as Secretary of State was to the Asia-Pacific Economic Co-operation [APEC] summit in November 1993 in Seattle, when I accompanied Prime Minister Chrétien and Minister MacLaren. APEC member

economies (including the United States) are estimated to account for some 40 per cent of total world trade, and 50 per cent of aggregated gross domestic product.

APEC, like the region's explosive growth, is a relatively recent phenomenon, but since its creation five years ago it has become the region's main forum for discussions on regional growth, economic interdependence, strengthening the multilateral trading system and reducing barriers to trade in goods, services and investment. It has also become a major vehicle for co-operation on sectoral issues, such as environmental problems.

In the Asia-Pacific region, Canada finds a range of important issues and opportunities. We must continue to establish beneficial trading relationships and we must also work hard to promote our bilateral as well as multilateral linkages.

We continue to support economic and social development in the region, while being mindful of its cultural diversities, and we must capitalize on our natural "human" advantages to realize this tremendous potential.

I have spent some time talking about Canada's interests — and my role — in expanding our relationship with the countries of the Asia-Pacific region. I should here, however, take a leaf from the book of Prime Minister Dr. Mahathir who spoke at the opening of this year's Pacific Basin Economic Co-operation Conference in Kuala Lumpur. In his address, Dr. Mahathir described the concentric circles of identity and belonging that surround him as a Malaysian in the late 20th century.

He talked of being a Malaysian but also a member of ASEAN, a Southeast Asian, an East Asian and a "globalist," and of the interests and priorities that engage him on each of those levels.

When we talk of our relationship with the Asia-Pacific region, we are implicitly aware of those same spheres of interest. For a variety of reasons and in a variety of ways, our focus and our activity tend from the general to the particular: from broad, what we might call hemispheric issues, such as arms control and disarmament, to more direct dialogue with a region — Canada's relationship with ASEAN is a good case in point. But at the very heart of our focus on Asia are our bilateral relationships with each of the countries that ring the Pacific.

Indeed, it is the importance of one of those relationships — our links to Malaysia — that brings me here today.

Up until recently, speakers and writers normally referred to the Canada-Malaysia relationship in terms suggesting unfulfilled potential, as one that is developing, emerging, growing. At the same time, Malaysians were prone to ask things like: "Where are

the Canadians? Why aren't you more active? Why don't you make a bigger splash?" Of course, Canada has, in fact, been making waves here for a long time. From the early days of the Colombo Plan, to the creation of CIDA [the Canadian International Development Agency] in 1968 and till recently, Canadian Development Assistance has been the flagship of a Canadian presence in Malaysia.

Since 1958, Canada has contributed, through its various channels, slightly more than C\$100 million in official development assistance. In 1990, both governments agreed to change the relationship from one of donor-recipient to one of partnership, where Canadian assistance will be more flexible and will facilitate closer relationships between Malaysians and Canadians.

Now it seems to me that we have crossed an important threshold. Readers of Canada's *Financial Post* may have noticed it in the tone of last month's feature on Malaysia, with headlines like: "Malaysia now one of our key trading partners."

Recognition of this is helping to generate a steady stream of high-level visitors in both directions. My visit was preceded by those of Transport Minister Doug Young and Ontario Premier Bob Rae. Over the last two months Canada has hosted visits by the Chief Ministers of Perak and Sarawak, and will soon have the honour of receiving Datin Seri Dr. Siti Hasmah along with a large Malaysian delegation to the Commonwealth Games in Victoria. Far from being "the quiet Canadians," we are even beginning to get questions about why we have been attracting so much attention lately.

I think that there are a number of reasons for Canada's growing profile in Malaysia. The first is that we are working hard to get that attention, to convince Malaysians that we are committed to the relationship, and that we can bring value to it.

Hence, the high-level visits, the trade missions and co-operative programs that we mount — and will continue to mount.

Don't be surprised if you hear those visitors repeating the same refrain. We have been thinking hard about our relationship and have identified four main priorities for Canada in Malaysia. These include:

- maximizing Canadian participation in upcoming infrastructure projects;
- expanding our co-operation in the environmental sector, both in terms of government-to-government links and new business opportunities;

- revitalizing our education relationship, and, specifically, doubling the number of Malaysian students in Canada; and finally
- bringing the whole array of Canadian programs and support mechanisms into focus to support these objectives.

Malaysia-Canada trade passed the billion-dollar boundary last year and is destined to surpass it again this year. Those of you who follow the statistics will recognize that the bulk of the flow appears to go one-way, that much of the billion dollars is made up of Malaysian-made electronics products, medical goods, clothing and textiles flowing to Canada. Traffic the other way, at least in terms of manufacturing goods, barely appears to be growing.

That is true, or at least partly true, but the full story is more complicated than that. This is because, increasingly, much of what Canada has to offer Malaysia does not come in a box, but is instead packaged within the creative imaginations of visiting Canadians.

And, make no mistake about it, those Canadians and their ideas are making an impact and contributing to the growth and development of Malaysia.

Those trade statistics I mentioned earlier also fail to take notice of the role that Canadian investors in Malaysia play in creating benefits for both countries. A good portion of the electronics exports destined for Canada originate in the four factories Northern Telecom owns in Malaysia. Another major Canadian player, Novacorp, is busily engaged with its partner Petronas in creating business opportunities in countries like Argentina and Australia. The Bank of Nova Scotia plays a key role in support of local business and is, we hope, poised to expand its ability to serve this growing market.

The list of Canada's capital project interests here is growing just as the projects are themselves expanding in size and in ambitious scope. Canadian companies, often grouped in powerful consortia, are pursuing opportunities in urban transit, power generation, aviation and communications. We in government are working hand-in-hand with them, sending a message through our persistence and obvious commitment that we fully support our firms and that we are willing to complement their efforts through government programs that address Malaysia's desire to maximize training and technology transfer. We are working hard to ensure that Team Canada is more than a slogan, and that all our efforts in business and government are directed to the same ends.

To date, the environment represents a major success story. Our dialogue with Malaysia in areas like forestry is of real mutual benefit. Among other things, Malaysia and Canada have taken the lead together in organizing a working group on global forests that now has governments from a range of countries sitting down to discuss issues like sustainable development. Commercially, the environment is one of our most active sectors, as exemplified by the number of joint ventures established. On this visit, I am pleased to be able to participate with Malaysia's Minister of Science, Technology and Environment, Dato Dr. Law Hieng Ding, in a ceremony marking the launch of co-operation between the Canadian Environment Industry Association and the Association of Environmental Consultants and Contractors of Malaysia.

This business-to-business level of co-operation will generate even more opportunities for co-operation, technology transfer and, not to be forgotten, profit in a sector that benefits us all.

Canada's growing profile in Malaysia also extends to the education sphere. Over 70 000 Malaysians have completed education programs in Canada thus far. Canadian education providers are keenly exploring new and innovative approaches in education co-operation with Malaysian institutions, including twinning programs, branch campuses, and exchange programs. Six Canadian universities are twinned with the international medical college in Kuala Lumpur, and initiatives with other colleges are under way.

I look forward to visiting Sunway College, which, along with Taylors' College, currently provides Canadian pre-university education to approximately 800 Malaysians. The recent visits to Malaysia of Premier Rae and Canadian academic delegations emphasize both the importance that is placed on internationalizing Canadian education and the support and guidance that the Canadian governments are enthusiastically providing. I applaud Malaysia's objective of becoming the regional centre of education in Southeast Asia. I can assure you that Canadian education providers aspire to play a leading role in the fulfilment of this goal.

I spoke earlier about the many levels on which we as Canadians interact with an area as vast and diverse as the Asia-Pacific region. In doing that, I wanted to remind you that this is not merely the stuff of international diplomacy or academic research, and that it has at its basis the desire to advance the real and specific interests — personal, cultural, commercial — of individuals on both sides of the Pacific.

Trade between Canada and Malaysia has reached impressive levels and continues to grow. Less visible, but perhaps even more important, is the steady proliferation of business connections

that promote trade in new and emerging services, identify opportunities for collaboration in third markets and generate profits that benefit entrepreneurs in both countries.

This is a "visit Malaysia" year and I am confident that Canadians will be coming in record numbers, not just to enjoy beaches and markets, hill stations and jungle parks, but also to look for business opportunities with Malaysian partners. This brings me back to acknowledge my hosts today, and to underline the key role that the Malaysia-Canada Business Council plays, both here and in Canada, as a vehicle for networking and communicating, and as a symbol of a trade relationship that has truly come of age.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
AT SUNWAY COLLEGE



KUALA LUMPUR, Malaysia
August 11, 1994

Canada

I am very honoured to be here today, and happy to meet and discuss education issues with all of you.

If Malaysia is to achieve its bold "Vision 2020" objectives, human resource development will be essential. As the Malaysian economy shifts to a focus on the advanced manufacturing and service sectors, there will continue to be a critical need for an educated workforce.

Canadian Education Co-operation in Malaysia

Since Malaysian independence in 1957, over 70 000 Malaysians have been educated in Canada. Even your Minister of Education, Datuk Amar Dr. Sulaiman Daud, is a Canadian Alumnus; he holds a post-graduate degree from the University of Toronto. Canadian institutions are eager to continue to help meet Malaysia's education and training needs. Canada actively supports increased education co-operation with Malaysia.

Here are some examples. The Education Canada office in Kuala Lumpur was officially opened in 1989 through funding from the Canadian International Development Agency. The same agency, CIDA, has also provided over 1.2 million ringgit in funding to a joint initiative by University Utara Malaysia and the University of Saskatchewan to develop management capabilities in support of Malaysian economic development objectives. In 1993, CIDA entered into an agreement with Lasalle International Fashion School to provide six scholarships worth a total of 162 000 ringgit. As well, in 1993 and 1994, the Canada ASEAN [Association of Southeast Asian Nations] Centre provided funding for 15 University of Victoria M.B.A. [Master of Business Administration] students to undertake a six-week study tour of the Asia-Pacific. This tour included one-month placements with Malaysian companies.

Canadian Education Opportunities

Canada has much to offer Malaysian students wishing to study overseas and is on the leading edge of provision of education services. Consider the following examples. The medical faculties of six Canadian universities are twinned with the International Medical College of Kuala Lumpur. Three Canadian universities, the University of Winnipeg, the University of Manitoba, and Acadia University, have twinning arrangements in Malaysia. I need hardly mention here that a twinning arrangement between the University of Calgary and Sunway College is already in the works.

Lasalle College was the first Canadian institution to operate a branch campus in Malaysia, with the establishment of the Lasalle International Fashion School in Kuala Lumpur in 1993. Other Canadian universities, including the University of British Columbia, the University of Alberta, Dalhousie University, the University of Saskatchewan, and numerous others have pledged to increase enrolment of Malaysian students. Dalhousie University,

for example, has pledged to increase the number of Malaysian students in its faculties of medicine, dentistry, and pharmacy.

Canadian students are also showing greater interest in Malaysia. This year alone, student delegations from the University of Toronto, St. Mary's University, the University of Victoria, and others have participated in study tours of Malaysia. Those are only some examples of the exciting developments taking place today in Canada-Malaysia education co-operation.

Education in Canada and Malaysian Perceptions

Some of you may wonder what it would be like to undertake your education in Canada. There seem to be a lot of misperceptions in this regard. For starters, Canada does not experience winter all year long! It is not some far-off northern ice field.

In terms of distance from Malaysia, for example, it is closer to fly to Vancouver, Edmonton or Calgary, Canada, than to New York, Miami or Boston in the United States. There are four distinct seasons in Canada, with temperatures ranging from below freezing to over 35 degrees Celsius. As the second-largest country in the world, it also claims several different climatic regions. Parts of the country, such as my own riding of Richmond, British Columbia, rarely experience freezing temperatures or snow. Canada is one of the most beautiful, diverse, clean, and safe countries in the world. For two of the past three years, the United Nations Development Program's Human Development Report has rated Canada as the best country in the world in which to live.

However, even for those areas that experience seasons and conditions very different from those in Malaysia, one must remember that there are fantastic activities and experiences associated with every season. If, as a potential international student, one is not looking for new and different experiences, knowledge, and challenges, then in my opinion, one misses some of the most important reasons for obtaining an international education. As Mae Chun of the *New Straits Times* puts it, and I quote: "Canada remains the best country in which to live partly because there is so much life packed into one short year."

Canada has been described as a cultural mosaic. Malaysians will have the opportunity to experience a world of cultures in only one country. In Toronto, more than 50 per cent of the population is made up of ethnic groups that are non-French and non-British in origin. There are over 850 000 Canadians of Asian origin living in Canada. Chinese has become Canada's third most spoken language.

If you investigate carefully, I think you will find that Canada is the best bargain in quality education. On an average annual basis, it is significantly less expensive to study in Canada than

in the United Kingdom, the United States, Australia, or New Zealand. Canada boasts a system of over 70 universities that offer undergraduate and graduate courses in all areas of business, engineering, computer science, health sciences, and humanities. Several Canadian universities have been rated among the top 20 in the world. In addition, many individual faculties have been rated among the top in the world. Canadian university degrees are among the most widely recognized in the world. Alongside the university system, there are also vast possibilities for studies at the post-secondary level in a well-developed network of community colleges and technical institutes.

In conclusion, to quote Dr. Saywell, of the Asia Pacific Foundation, "Canada has an internationally competitive education system that provides quality education, at a reasonable cost, in a relatively safe country, with a good world-wide reputation."

I would like to see more Malaysians in Canada studying in and experiencing a diverse country, while at the same time sharing your own Malaysian culture with Canadians. Students graduating from Sunway's Canadian Matriculation Program would make excellent candidates for studying in Canada. I strongly urge all of you to put Canada on the top of your priority list. The Education Canada office in Kuala Lumpur can provide comprehensive information and counselling to you, and it participates in education fairs and other outreach activities. Feel free to use their services.

I wish you all the best in your studies. Thank you.



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AS DELIVERED

AN ADDRESS BY

THE HONOURABLE RAYMOND CHAN,

SECRETARY OF STATE (ASIA-PACIFIC),

TO THE

CANADA/SINGAPORE BUSINESS ASSOCIATION



SINGAPORE
August 12, 1994

Canada

My first engagement after arriving in Singapore this morning, just before joining you, was to witness the signature of an Agreement on Co-operation between the Canadian Environment Industries Association (CEIA) and the Singapore Association for Environmental Companies, SAFECO. I mention this for two reasons: my interest is in promoting private sector linkages in sectors critical to Canadian prosperity and in areas where Canada has much to offer; and doing so in ways which permit Canada and Singapore to exploit their comparative advantages together for mutual benefit.

The CEIA-SAFECO link yields potentially significant benefits for both parties. The Agreement provides a framework for the exchange of information on technology, research and development, policies to protect the environment, practices best suited to local conditions, and legislative frameworks. In the longer term, it provides Canadian companies with a valuable entry point into the Singapore and the larger ASEAN [Association of Southeast Asian Nations] market. This is precisely the kind of tie-up that the Canadian government wishes to promote.

We have given clear recognition to the dynamic growth in this region and its increasing importance in terms of the share of global trade. My appointment as Canada's first Secretary of State for Asia-Pacific underscores this. My role is to advise the Minister of Foreign Affairs on Asia-Pacific matters. My responsibilities, therefore, cover both geographical and sectoral issues such as political and economic matters, the social context in which we must situate our policies, and development co-operation.

The Asia-Pacific is a region of contrasts and complexities, with many untapped opportunities. The Canadian government's current foreign policy review is intended to ensure that we understand these contrasts, complexities and opportunities and position ourselves to take advantage of them.

Most Canadians no longer think of this part of the world as "the Far East." That is an outmoded term which I am glad is disappearing as a concept. Our government wants to ensure that all Canadians embrace the view that Singapore and its Asian neighbours are but the western rim of a Pacific community in which Canada is a full member.

After the United States, the Asia-Pacific region has become Canada's most important trading partner. It is the second fastest growing market for Canadian exports. Canada's transpacific trade has long surpassed transatlantic trade. All Canadians and particularly our business communities must be awake to these trends if we are to get our fair share of business. We all must stop being timid about setting-up shop at great distances or, indeed, worrying unduly about the costs in time, effort, and resources of investing in an "on-the-ground" presence.

We have to illustrate our seriousness in doing business here by having a long-term, strategic plan which may not yield immediate pay-offs.

We have a cultural advantage in Canada that many of our competitors lack. That advantage is found in the large and growing number of Canadians of Asian origin. The contribution of these Canadians to the productivity of our society is a tremendously enriching factor in our polity, our culture, and our economy. They bring with them business, financial and family connections which play an important role in Asian society and which are already having a positive impact on Canadians. Canadians are learning about Asia in this way, and Canadians of Asian origin are contributing their values of selflessness and community.

Enhanced language capability and cultural awareness is fundamental to international competitiveness, now more so than ever. This is the prime reason why the Canadian government established the Asia Pacific Foundation a decade ago in Vancouver and why, several years ago, we launched a multi-million dollar initiative called "Pacific 2000" with an emphasis on encouraging Canadians to become more "Asia-literate."

Canada has for some time recognized that a stronger and more confident ASEAN and Southeast Asia can contribute to our own prosperity. It is why we have had for several years a development co-operation program that supports ASEAN as an institution and contributes to a large number of innovative, ASEAN-wide programs. And it is why we have created the Canada/ASEAN Centre, located in Singapore, to promote non-governmental linkages and networks in such key areas as education, science and technology.

An increasingly important element in Canada's trade and economic linkages with the Asia-Pacific is the development and encouragement of government and private sector dialogue, principally through the Asia-Pacific Economic Co-operation, APEC. You all know that leaders of the APEC member economies, including Prime Ministers Chrétien and Goh Chok Tong, met in Seattle last November. That was an historic occasion. APEC leaders and their foreign affairs ministers now have decided to hold their consultations regularly. APEC finance ministers have already met and trade ministers will meet this autumn. In addition to promoting the habit of regular dialogue, these meetings have helped launch APEC on creation, refinement and implementation of a visionary agenda.

What APEC governments are seeking to do is anticipate and prevent trade problems from occurring, rather than simply reacting to cure them after the fact. The latter is inevitably more wasteful and fraught with danger. APEC members are seriously at work on charting a long-term, progressive course towards freer, if not free, trade in the region.

The consultative process now under way will create a multilateral framework which will help us to mitigate the possibility of trade disputes of the sort which now distract us so much.

In concrete terms, APEC enables trade-dependent countries like Canada and Singapore — along with all their partners — to pursue a range of broad objectives, principally trade creation and trade facilitation. APEC also allows us to make progress on more specific issues, such as investment promotion, understanding competition policy — particularly on antidumping issues — promoting mutual recognition of product standards and equipment testing and monitoring procedures in key sectors such as aviation and telecommunications, promoting environmental protection and reaching an understanding on important issues such as rules of origin.

What all of this activity is intended to do is to establish a balanced policy framework within which industry can thrive. The goals may be long-term, and the challenges daunting, but the importance of this work and the dialogue underpinning it should not be underestimated. For its part, Canada sees APEC, and organizations like the Pacific Economic Co-operation Council [PECC] and the Pacific Basin Economic Council [PBEC], as essential planks in the construction of an Asia-Pacific trade regime which is balanced, effective and rules-based, which contributes to the global goals of the World Trade Organization [WTO], and which prevents the possibility of a transpacific divide.

Finally, I believe it important that I conclude with some remarks on NAFTA [the North American Free Trade Agreement], in part to dispel some recurring myths. What I have to say is relatively straightforward but bears repeating.

Canada is not turning its back on international trade. We are, in part through the NAFTA, in part through APEC, and in part through the WTO, trying to stay in the forefront of the process.

The NAFTA is not an inward-looking bloc. It is fully compatible with the GATT [General Agreement on Tariffs and Trade] and with the results of the Uruguay Round. The GATT itself accepts that regional trading relations can be liberalized at a faster pace than might be possible on a broad, multilateral basis. So the GATT — now the WTO — accommodates agreements like the NAFTA.

All NAFTA partners have emphasized the priority they place on implementing the results of the Uruguay Round and putting in place an effective new World Trade Organization. NAFTA is not a higher priority nor is it a replacement for an effective global trading order.

The NAFTA contains a provision for new members. If all criteria for membership are met, the terms of the NAFTA can be extended to other partners. The only necessary qualification is the ability

and willingness to live up to the obligations set out in the entirety of the agreement, including the provisions on environmental and labour standards. Each application to join the NAFTA will be judged on its merits. But NAFTA members are just starting out on a long journey. The details and modalities of how to approach accession by others are still, frankly, being discussed. It is Canada's position that membership in the NAFTA is open to countries outside the Western Hemisphere.

It is important to stress that the NAFTA does not erect any barriers to other countries. It merely removes barriers between the member countries. NAFTA cannot be compared to the European Union. There is no customs union or common external tariff. There are no devolved powers to a trilateral authority, nor is there a commission such as in the European Union.

Asian companies are well-positioned to take advantage of this new arrangement. They have demonstrated their agility and adaptability over the years. A larger, open market will bring them greater trade and investment opportunities in North America. The NAFTA is a response to globalization, not a shelter from it.

In conclusion, I would like to stress the following key messages:

- Canada is, in fact, an Asia and Pacific nation and is committed to being an active participant in the region, through innovative programs and projects such as our ASEAN regional development co-operation activities, the Asia Pacific Foundation, "Pacific 2000", education linkages, support for preventive diplomacy, and the Canada/ASEAN Centre.
- Canada's cultural tolerance and diversity are true assets. Canadians from all walks of life can learn from each other and Canadians of Asian origin have much to contribute, and have already contributed significantly.
- We understand the need to build better transpacific trade links to adjust to the new realities of the NAFTA, AFTA [the ASEAN Free Trade Area] and the new World Trade Organization. Canada is determined to contribute fully and effectively to APEC as the focus of regional trade liberalization efforts.
- Finally, all of Canada's work in the trade promotion field will be undertaken in close collaboration with the private sector, recognizing that governments can only establish an atmosphere conducive to expanded trade and help develop the right policy framework with the private sector ultimately being responsible for delivering the product.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE 10TH ANNUAL CONVENTION
OF ARGENTINE BANKS



BUENOS AIRES, Argentina
August 31, 1994

Canada

It gives me great pleasure to be here with you today. I am aware of the importance of this annual meeting as a forum for the exchange of ideas among key economic decision makers both from Argentina and from abroad. I am also aware that the importance of such fora can only increase as the countries of the Americas move closer together. Thank you for your kind and timely invitation.

Until recently, the Western Hemisphere seemed poised to emerge as a free trade model for the world. In January, Canada, the United States and Mexico signed the North American Free Trade Agreement [NAFTA], building on the bilateral Canada-U.S. agreement negotiated five years before. Additionally, Mexico has entered into a free trade arrangement with Venezuela and Colombia under the umbrella of the G-3 [Group of Three]. A revived Andean pact will link the economies of Peru, Bolivia, Colombia, Ecuador and Venezuela through freer trade. And just this month Argentina joined Brazil, Paraguay and Uruguay in moving the Mercosur further toward a full common market. Bilateral and multilateral free trade is literally breaking out all over the Western Hemisphere.

These remarkable strides in recent years make it all the more curious that the next logical step — a single free trade regime for the Western Hemisphere as a whole — remains elusive. After urging a vision of free trade from Alaska to Tierra del Fuego, the United States appears to have lost its momentum. Some in the United States now talk of an undefined period of study and assessment, perhaps leading to some limited form of economic "association" between the original three members of the NAFTA and the other countries of the region. Meanwhile, the issue of Chile's accession to the NAFTA hangs in the balance. Other countries in Latin America have begun to re-evaluate their own options, largely in reaction to perceived U.S. ambivalence with regard to Chile's accession and NAFTA expansion. Not surprisingly, separate bilateral deals with the United States — or even an exclusive South American free trade area — have for some begun to look more attractive as the prospects for full hemispheric integration appear to grow dim.

None of these signals are overly constructive. A bilateral deal is certainly better than no deal at all for countries seeking access to the lucrative U.S. market. But no one can pretend that piecemeal agreements can be in any way a substitute for an integrated approach to hemispheric trade. One obvious risk is that such deals will lead ultimately to a "hub-and-spoke" model for trade and investment in the Western Hemisphere: that is, a system whereby one country has preferential access to the markets of its various partners while those relegated to the "spokes" find themselves at a permanent competitive disadvantage. The disadvantages, moreover, extend beyond the problems associated with market access. In a world where everyone is vying for limited investments, the country which holds the greatest attraction will always be at the "hub."

Nor is an increasingly tangled web of bilateral and regional trade agreements helpful from a business perspective. It leads to a confusing overlap of rights and obligations, including multiple rules

of origin, that increase the transaction costs of all firms, especially small businesses hoping to export. Because of the absence of uniform content requirements, it prevents the further integration of regional production — this at a time when global trade is increasingly driven by intra-firm transactions, strategic sourcing and transnational investments. And it creates unnecessary trade diversion when non-discriminatory liberalization should remain the overriding goal.

But perhaps the most dangerous aspect of this drift toward separate bilateral or regional agreements is the risk that they might solidify into exclusionary trading blocs. It is clear that the United States increasingly cautious approach to NAFTA expansion is fuelled in no small part by the protectionist forces in the Congress — forces just barely kept at bay during the difficult passage of the NAFTA legislation last year. A failure to open the NAFTA to Chilean or Argentine accession would certainly send a negative signal to other would-be partners that the prospects for future entry are limited indeed.

Such a signal, moreover, could well reverberate beyond the NAFTA. Brazil has already launched a proposal to use the Mercosur common market as the cornerstone of a South American free trade area. As a means of breaking down barriers in the region, liberalizing trade, and drawing countries into an integrated economic space, Mercosur represents a bold and imaginative step forward, one which Canada strongly encourages. Nevertheless, it does not require a great deal of imagination to recognize that, faced with a closed NAFTA door, the countries of Mercosur would confront even greater pressure to carve out their own markets and to formalize their own distinct economic space, possibly by erecting exclusionary walls. The danger then is that the dream of comprehensive hemispheric trade would give way to the *Realpolitik* of competing regional blocs — the "them-versus-us" mentality so antithetical to further trade liberalization.

What we risk missing at this critical juncture is the opportunity to articulate an overarching trade and investment policy for the Western Hemisphere: one which reflects the openness, energy, and dynamism of our economies; one which recognizes the creative synergy that can emerge from the marriage of developing and developed economies; and one which fundamentally embraces all countries willing to commit to more intensive, more comprehensive rules-based trade.

The NAFTA could provide the foundation for such a project. With the political will, it could be the base for a free trade association that could in time include countries throughout the hemisphere and beyond. With the right philosophical commitment, it could emerge as a new kind of economic association, one defined, not by geography, but by a collective commitment to deeper levels of free trade: the nucleus of a new global GATT-plus. The underlying idea would not be to replace the existing multilateral system — still less to set up a discriminatory regional bloc — but to establish a coalition of

countries willing to move further and more quickly toward the goal of trade and investment liberalization.

The original justification for the Canada-U.S. Free Trade Agreement [FTA] — and the subsequent trilateral agreement with Mexico — was really just that: to push forward in areas where our degree of economic integration seemed to call for a deeper, more comprehensive regime of rules and procedures than the GATT [General Agreement on Tariffs and Trade] could provide. In areas such as dispute settlement, investment, trade in services, and procurement, the NAFTA has already moved well beyond the kind of consensus that can be achieved in the larger and more slow-moving multilateral context. In other critical areas — such as trade remedy law — Canada is working hard with its Mexican and U.S. partners to deepen the agreement.

At Canada's insistence, two NAFTA working groups have been designated to clarify how subsidies and dumping should be dealt with in our free trade area, and how we should work to establish common rules of trade among the three NAFTA partners. This initiative reflected Canada's experience of five years of more intensive — and hence potentially more fractious — trade relations with the United States under the FTA. Although the volume of our trade with the United States has increased by some 45 per cent in the first five years of the Agreement — even while both countries endured a two-year recession — the relationship is hardly friction-free. From pork, to beer, to steel, we have experienced a series of corrosive disputes which, for the most part, expose important aspects of the initial agreement that were left unresolved — the so-called "unfinished business". Of this unfinished business, the most contentious is the continued absence of common rules governing the application of trade remedy laws — laws which really have no economic rationale in a free trade area. It will not be an easy task to agree on these issues. However, our success in this endeavour will be a good indication of whether our collective economic interests can transcend narrower domestic concerns.

Another area where the NAFTA — or a NAFTA-plus — can move forward is investment. Increasingly, servicing a foreign market means achieving a presence in that market — whether through joint ventures, strategic partnerships or direct capital investment. The trend in Canada-Argentina relations is a microcosm of this global pattern. Canadians — especially from western Canada's oil patch — have increasingly been making major investments here. Canada's stock of investments in Argentina now totals nearly half-a-billion dollars. In a world where trade is not just about what you make, but about how and where you make it, an advanced investment code should be one of the central rationales of an expanded NAFTA.

The NAFTA has moved a long way toward encouraging and safeguarding outward investment. In fact, the investment code in the NAFTA has provided the model for six Foreign Investment Protection Agreements that Canada has already negotiated with certain countries including

Argentina. Not only do the agreements protect investors, they also provide efficient access to markets. Why not now move toward an integrated hemispheric investment regime based on the NAFTA model?

Why NAFTA as the building block? Because the original three NAFTA partners made a commitment to "open regionalism" — the idea that this Agreement should be open to all countries prepared to accept its rules and disciplines. Through the accession clause, the NAFTA has the flexibility to incorporate additional countries or groups of countries. Why not use the NAFTA as a bridging mechanism to all other free trade initiatives in the region — the G-3, the Andean pact, and especially the Mercosur?

NAFTA accession also offers entry into an open, dynamic, high-quality agreement that is already in place — no small advantage given the protectionist forces currently arrayed against further trade liberalization in the United States. Not without scars, Canada has run the gauntlet with U.S. negotiators twice in the last five years — and we are the United States' largest trading partner. I leave it to your imagination to guess how a Chile or an Argentina, standing alone, would fair against an increasingly restive and protectionist U.S. Congress.

As for the three existing NAFTA partners, broadening the Agreement offers more than access to growing markets. It offers new partnerships and new alliances to tackle the hard trade issues of the future, as well as a more balanced negotiating framework within which to achieve these goals. Some have argued that the NAFTA should be deepened — and existing problems ironed out — before broadening is contemplated. I would argue that the broadening and the deepening of the Agreement go hand in hand.

Both Canada and Mexico have already signalled their desire to move quickly on NAFTA expansion in the Western Hemisphere. While it is critical to get Chilean accession right, there is no reason why, in time, all countries that agree to abide by the NAFTA rules and disciplines should not be welcome. Nor is there any reason to limit this expansion to the hemisphere. The accession clause of the NAFTA does not speak of "Western Hemisphere countries" but simply of "countries or groups of countries." For their part, Singapore, Australia, Pakistan and New Zealand, among others, have expressed an interest. The only real "acid test" of membership should be a commitment to submit to the disciplines of the Agreement and a willingness to work together to push the trade and investment agenda forward.

Such an evolution of the NAFTA could in turn have implications far beyond the hemisphere. It would show other countries that refuse to address our market access and market reform objectives that, in addition to our prime commitment to the World Trade Organization, this hemisphere has a long-term strategy and a clear policy direction. It would demonstrate that we at least are committed to

more open, more structured, more plurilateral international economic order. It would also underline for those countries unwilling to move toward greater liberalization that they risk being left behind in the wake of dynamic regionalism.

Indeed, perhaps the principal value of the NAFTA in the long run is its potential to set in motion an external, competitive dynamic to reduce tariff and non-tariff barriers worldwide — its potential to kick-start a new round of global trade liberalization. For ultimately it is to the multilateral trading system in general — and to the newly created World Trade Organization in particular — that we must look for the long-term expansion of free trade and investment.

But the process must start here. Nowhere in the world is the drive for economic reform and liberalization more vigorous and more revolutionary than in this hemisphere. In Argentina alone you have achieved a growth rate the exceeds that of most industrial economies. You have tackled what was a huge public sector deficit and have now balanced your budget. Your rate of inflation has been wrestled down to about five per cent annually. Your privatization program and other reforms have attracted extensive private investment. And your domestic energy has found further expression in an aggressive, outward-looking trade and investment policy.

Like you, Canada shares a commitment to the principles of open, rules-based trade. Like you, we are engaged in an oftentimes wrenching process of turning our economy inside out — of building a more open, more outward-oriented economic culture. The recent record of trade and investment liberalization throughout the hemisphere is impressive. What we need now is a clear vision of where we are headed.

When the countries of the Western Hemisphere gather at the Summit of the Americas in Miami this December what shall we say to one another? Shall we give impetus to the movement toward a new trading order both for the Western Hemisphere and for the world — one which signals that we are in the vanguard of economic liberalization, that we know where we are headed, that we are committed to building the most open, dynamic market in the world? Or will our two continents again go their separate ways, as they have done to our mutual detriment in the past? As in all matters of trade, the answer for the Western Hemisphere will ultimately depend on whether we have the will to ensure that our common interests transcend our individual differences.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE SERGIO MARCHI,
MINISTER OF CITIZENSHIP AND IMMIGRATION
AND HEAD OF CANADA'S DELEGATION,
TO THE INTERNATIONAL CONFERENCE
ON POPULATION AND DEVELOPMENT

CAIRO, Egypt
September 6, 1994

Canada

Mr. President, distinguished delegates:

In Canada's capital city of Ottawa, where I now live and work, there is something called the "Earth Clock." Located in the entrance of the building containing the International Development Research Centre, it looks a lot like an ordinary clock as it relentlessly ticks away.

But there is a difference.

It links the planet's population to the mother earth from which all of us draw life. And this clock graphically illustrates the challenge that has drawn each of us to this conference in Cairo. Because with each minute the clock marks an increase of 180 people and a decrease of 20 acres around the globe.

Population and Sustainable Development

In Cairo, we have taken an important, and historic, step by agreeing that population is not just about numbers and fertility levels. It's also about extreme poverty, mass illiteracy, the death of mothers at childbirth, coupled with unconscionable consumption habits in the developed countries. These problems defy simple solutions.

The Draft Program of Action — which Canada supports — lays out the challenges before us. And after arduous negotiation we are agreed on 90 per cent of the document. So I take heart that this conference, like others before it, is helping us to move forward as a human family, to a better quality of life.

We look back on interrelated gatherings — the Children's Summit, the Earth Summit, the Human Rights Conference — and measure real progress. But the clock is still ticking. . . . What can we do to slow it down?

Canada's approach is straightforward. We want to nurture healthy societies where every man, woman and child can reach their potential.

I would like to talk about five aspects of population and development that Canadians feel are especially important:

- empowering women;
- the environment;
- partnership on a multilateral basis;
- reproductive health issues; and
- migration issues.

Empowering Women

As Mahatma Gandhi once said: "If you educate a man, you educate an individual. If you educate a woman, you educate the whole family." By empowering women I mean recognition of these fundamental rights:

- the right to access to employment;
- the right to health care and education;
- the right to determine how many children they will bear; and
- the right to participate fully in decisions that affect their lives.

These are fundamental human rights. They also strengthen the family as the wellspring of civilized society. By supporting women, we open the door to a better quality of life for all family members. In fact, by supporting women, we empower the whole family.

The Environment

The question on the environment is not who owns the problem, but who will take up the solutions? It is impossible to imagine how the human family will survive the 21st century unless both runaway consumption in the North as well as population growth and sustainable economic growth in the South are addressed.

Global problems, such as population, cannot be faced by governments alone.

Partnership and Multilateralism

The problems we face at this conference are neither created nor solved in isolation. We are encouraged that the Draft Program recognizes the importance of partnerships between those who heal and those who teach.

Partnerships, including those with NGOs [non-governmental organizations], satisfy the need to act locally, but it is through international co-operation that we are able to act globally. For Canadians, partnership on the international stage is best expressed through the practice of multilateralism, through participation in institutions like the United Nations, the Commonwealth, la Francophonie. It is only through multilateral partnership that we will be able to resolve the great challenges of our time.

Reproductive Health Issues

As members of the international community, we have a shared responsibility to face certain realities and find the courage to act. These realities include:

- tragically high rates of maternal death, much of it resulting from unsafe abortion;
- the continued and alarming spread of AIDS;
- teenage pregnancy, with the added health risk it carries for mother and child; and
- high infant mortality rates.

These are drastic problems that require urgent action.

We are left with serious challenges, especially in the area of reproductive health and reproductive rights. The Canadian view, which finds its expression in the Program of Action, is that reproductive health is a basic human right. This is already stated implicitly in the International Covenant on Economic, Social and Cultural Rights and other UN instruments to which most of us are signatories. We also agree that coercion and arbitrary demographic targets have no place in today's world. Not only are they a flagrant violation of human rights, they are not sustainable.

We share the Program's view that development alone will not be enough to curb population. It must go hand-in-hand with the recognition and support of the rights of women, particularly those rights that are linked to health and family planning. The protection of maternal and child health — which lies at the core of what we are discussing here — is not just an issue for developing countries. Recently, for example, my government launched a prenatal nutrition program to help poor women give birth to healthier babies. This is an area where we all have to work harder.

So, too, we must work to ensure that men and women have access to a broad range of voluntary and culturally sensitive family planning services. On this point, let me be clear: Canada does not promote abortion as a method of family planning. Recognizing that this remains a particularly sensitive issue, we would support language in the Program of Action that allows states to regulate or not — as they see fit — services related to abortion. It would not be correct, however, to interpret our support as an attempt to create an international right to abortion.

The hard truth is that thousands of women die annually from unsafe abortion. Thousands more of our children will perish for

want of simple education and responsible planning. We must act now to address this serious public health concern. We believe that family planning — along with a full range of reproductive and primary health care services — is the key to reducing a woman's recourse to abortion, not just for reasons of health, but out of respect for the human condition.

This is not, after all, a conference about abortion; it is about caring; it is about real, sustainable solutions for those in gravest need.

Migration Issues

If much has been said — in the media and in the corridors here — about reproductive rights, we have heard very little about involuntary migration as a growing threat to global human security.

Canada views the migration chapter as a major accomplishment, especially for the balance it achieves:

- between compassion and control;
- between migration and the right to live in your homeland; and
- between the responsibility of the receiving state and the newcomer.

Yet, the chapter is not complacent. It describes clearly the three main challenges still facing us: prevention, protection and integration.

Too many of our fellow human beings are forced to leave their homes by a lack of economic opportunity, environmental degradation, war, famine and human rights abuses. The Program of Action makes it clear that countries must work together to reduce involuntary migration by addressing its root causes — one of which is overpopulation.

One hundred million people are on the move, worldwide. Twenty-three million of these, mostly women and young children, are refugees. What will become of them?

Why the ominous silence? Let us discuss these matters openly. We will have to harness all the tools available to us — from open markets, to foreign investment, to conflict prevention to progress on human rights — to ensure that migration is always a matter of choice and not desperation.

The second challenge facing us is protection. Most refugee movements will continue to be among countries in the developing

world. The generosity of these countries in providing refuge to their neighbours has been remarkable — and the world community must assist them in a similar spirit of co-operation and solidarity.

These refugee movements will continue to place great strains on the institution of asylum — and we will have to join hands to strengthen and adapt that institution to meet current realities.

The third great challenge is that of making newcomers feel welcome in our societies — the challenge of integration. This is a challenge that begins at home. It involves a mutual respect of values and traditions on the part of both newcomers and receiving states.

No country can meet all of these challenges alone. This is not a North-South or East-West problem. It is a global challenge — yet institutional and policy frameworks are light-years behind our current migration challenges.

We react to emergencies only — and then, often too late and defensively. I call on each of us to act now. We must make progress on migration issues if we are to put in place the foundation that will move us beyond the frustrations of the status quo.

Follow-up

This week, the eyes of the world are on Cairo. But what will happen when we go home? Will it be back to business as usual?

All of us know that we will be judged by our actions and our achievements, not by our noble words. I do recognize that each of us has national constraints which we must balance against the commitments made here.

Canada, for example, is in the midst of reviewing our foreign and migration policy. This has involved intensive consultation with our citizens. They are questioning whether we are wisely spending our development dollars. We are also asking the same questions to UN agencies and our NGO partners. Is our spending strategic? Are we truly doing all we can to address basic human needs?

Canadians tell us we should continue to put our foreign aid where it will do the most good — on basic human needs, like immunization, nutrition, primary health care, including family planning, and education, especially education for all our daughters. And this is what we will do.

Conclusion

The Draft Program is a glimpse 20 years into the future, of accomplishments made and challenges met. We know this is not enough, so let's ensure that we check on our progress in implementing it. Our work here is a promise to our children that we will do more than talk. We will act:

- by cutting maternal mortality rates in half;
- by halting the spread of AIDS;
- by reducing infant mortality rates; and
- by making reproductive health a universal right.

We will also have slowed down the relentless ticking of the Earth Clock.

A quarter-century ago Nobel Peace laureate Lester Pearson, a man who once led my country, called on world leaders to "cultivate international ideals, develop international policies, strengthen international institutions . . . so that peace and progress can be made secure" in the human family.

Today in Cairo I carry forward his challenge. We must, because every generation has a moral obligation to leave to its children a safer, healthier world than the one it inherited.

This is our obligation. Today, it is our opportunity.

Thank you, Mr. President.

Et nous ralentirons l'inevitable tic-tac de l'horloge terrestre.

Il y a un quart de siècle, le prix Nobel de la paix, M. Lester Pearson, qui a dirigé mon pays, engageait les leaders mondiaux à «cultiver des idéaux internationaux, à élaborer des politiques internationales, à renforcer les institutions internationales [...] afin d'assurer la paix et le progrès» à l'intérieur de la famille humaine.

C'est là le défi que je vous transmets aujourd'hui au Caire. Et nous devons le relever parce que chaque génération a l'obligation morale de laisser à ses enfants un monde plus sûr, plus sain que celui dont elle a hérité.

C'est notre devoir. Et, aujourd'hui, nous avons l'occasion de l'accomplir.

Je vous remercie.

nous voulons trouver l'assise qui nous permettra de passer outre les frustrations du statu quo.

Suivi

Cette semaine, le monde a les yeux tournés vers Le Caire. Mais qu'arrivera-t-il lorsque nous rentrerons chez nous? Allons-nous simplement reprendre nos vieilles habitudes?

Nous savons tous que nous serons jugés par nos actes et nos réalisations, non par nos paroles, si nobles soient-elles. Je reconnais que nous avons tous nos propres priorités nationales, des priorités qu'il faudra équilibrer avec les engagements pris ici.

Le Canada, par exemple, est en train de revoir de fond en comble sa politique étrangère et celle concernant les migrations, et même de nombreuses consultations auprès de ses citoyens. Ceux-ci se demandent si nous dépensons avec discernement les sommes que nous consacrons au développement et, à notre tour, nous posons la question aux agences des Nations Unies et aux ONG. Dépensons-nous de manière stratégique? Faisons-nous vraiment tout ce que nous pouvons pour satisfaire les besoins humains fondamentaux?

Les Canadiens nous disent que nous devrions consacrer notre aide étrangère là où elle peut faire le plus de bien — les besoins humains fondamentaux, tels que l'immunisation, la nutrition, les soins médicaux essentiels, y compris la planification des naissances, et l'éducation, en particulier l'éducation de nos filles. Et c'est exactement ce que nous avons l'intention de faire.

Conclusion

Le projet de Programme d'action est un aperçu des réalisations qui seront accomplies et des problèmes qui seront résolus au cours des 20 prochaines années. Mais nous savons que ce n'est pas assez. Alors n'oublions pas de faire le bilan pour nous assurer du bien-fondé de notre programme. Nous devons promettre à nos enfants que nous ne nous contenterons pas de paroles. Nous agissons :

- en réduisant de moitié les taux de mortalité des femmes en couches;

- en stoppant la propagation mortelle du SIDA;

- en abaissant les taux de mortalité infantile;

- en faisant de l'accès aux services de santé génésique un droit universel.

Trop de gens sur terre sont forcés de quitter leurs foyers en raison de contraintes économiques, de la dégradation de l'environnement, des guerres, des famines ou des violations des droits de la personne. Il ressort clairement du Programme d'action que les pays doivent travailler ensemble à réduire les migrations involontaires en s'attaquant aux racines de ce problème — dont l'une est la surpopulation.

De par le monde, les déplacements de populations touchent aujourd'hui 100 millions de personnes. Vingt-trois millions d'entre elles, essentiellement des femmes et de jeunes enfants, sont considérées comme des réfugiées. Qu'advient-il de tous ces gens?

Pourquoi ce silence lourd de menaces? Traitons plutôt de ces questions franchement. Nous devons mettre à contribution tous les instruments dont nous disposons — ouverture des marchés, investissements étrangers, prévention des conflits, progrès des droits de la personne — pour faire en sorte que le fait de migrer soit toujours le résultat d'un choix, non le résultat du désespoir.

Le deuxième défi que nous devons relever au chapitre des migrations se rapporte à la protection. La plupart des mouvements de réfugiés continueront de se faire dans les pays du monde en développement. Ces pays, qui offrent un refuge à leurs voisins, ont fait preuve d'une générosité exemplaire — et la communauté internationale doit les aider en montrant le même esprit de collaboration et de solidarité.

Ces mouvements de réfugiés continueront de mettre à rude épreuve les ressources de cette institution qu'est l'asile — et nous devons travailler ensemble afin de renforcer et d'adapter cette institution pour qu'elle réponde aux réalités contemporaines.

Le troisième grand défi est celui qui consiste à faire en sorte que les nouveaux venus se sentent chez eux dans nos sociétés — c'est le défi de l'intégration. C'est un défi qui commence chez nous. L'intégration suppose un respect mutuel des valeurs et des traditions, tant de la part des nouveaux venus que de la part des pays d'accueil.

Aucun pays ne peut relever seul tous ces défis. Il ne s'agit pas là d'un problème Nord-Sud ni d'un problème Est-Ouest. C'est véritablement un problème mondial, néanmoins institutionnel, et nos cadres juridiques ne sont nullement adaptés aux problèmes que nous devons résoudre sur le plan des migrations.

Nous ne faisons que réagir aux urgences — mais alors, nous agissons souvent trop tard, et d'une manière défensive et hésitante. J'en appelle à tous pour que nous agissions des maintenant. Des progrès s'imposent en matière de migration si

enfants en meilleure santé. Il s'agit là d'un domaine dans lequel nous devons tous travailler plus fort.

Nous devons aussi agir pour que les hommes et les femmes puissent avoir accès à l'ensemble des services de planification familiale qui soient à la fois disponibles sur une base volontaire et sensibles aux facteurs culturels. Et sur ce point, je veux que l'on me comprenne bien : le Canada n'encourage pas l'avortement comme moyen de planification familiale. Reconnaissant que cette question reste particulièrement délicate, nous serions favorables à un programme d'action, qui reconnaît que les États peuvent réglementer — ou ne pas réglementer, comme ils le jugent bon — les services liés à l'avortement. Il serait faux de comprendre notre appui au programme comme une tentative de créer un droit à l'avortement à l'échelle internationale.

La dure vérité est que des milliers de mères meurent chaque année à la suite d'avortements pratiqués n'importe comment, et que des milliers d'autres enfants périront en raison de l'absence de programmes élémentaires de sensibilisation et de planification. Nous devons agir immédiatement pour traiter ce grave problème de santé publique. Nous croyons que la planification familiale — accompagnée d'un ensemble complet de services en matière de reproduction et de soins médicaux primaires — est le moyen de réduire le recours à l'avortement, non seulement pour des raisons de santé, mais par respect pour la condition humaine.

Après tout, il n'est pas question ici d'avortement, il est question d'altruisme; il est question de solutions véritables et durables, pour ceux et celles dont les besoins sont criants.

Le problème des migrations

On a beaucoup parlé — dans les médias, et ici dans les corridors — des droits de reproduction, mais l'on n'a guère entendu parler des migrations involontaires comme menace croissante pour la sécurité humaine au niveau mondial.

Le Canada considère le chapitre des migrations comme une réalisation de taille, en particulier pour l'équilibre qu'il établit :

- entre la compassion et le contrôle;
- entre les migrations et le droit de vivre dans sa patrie;
- entre les responsabilités du pays d'accueil et celles du nouvel arrivant.

Pourtant, le chapitre n'est pas complaisant. Il décrit clairement les trois grands défis qu'il nous faut encore relever : la prévention, la protection et l'intégration.

internationale que nous serons en mesure d'agir au niveau mondial. Pour les Canadiens, c'est par la pratique du multilatéralisme, dans le cadre d'institutions comme l'ONU, le Commonwealth et la Francophonie, que peut vraiment s'épanouir le partenariat au niveau international. Seul le partenariat à l'échelle multilatérale nous permettra de résoudre les grands problèmes de notre temps.

Le problème de la santé génésique

En tant que membres de la communauté internationale, il nous incombe à tous de reconnaître certaines réalités et de trouver le courage d'agir. Sont au nombre de ces réalités :

- les taux excessifs de mortalité des femmes en couches, souvent par suite d'avortements pratiqués dans des conditions insalubres;
 - la propagation alarmante du SIDA;
 - les problèmes reliés à la grossesse chez les adolescentes, avec les risques que cela suppose pour la santé de la mère et de l'enfant;
 - les taux élevés de mortalité infantile.
- Ce sont là des problèmes considérables, qui requièrent des mesures urgentes.

Mais nous sommes confrontés à des défis de taille, surtout dans le domaine de la santé génésique et des droits de reproduction. Le Canada estime, et son point de vue est bien exprimé dans le Programme d'action, que l'hygiène de la reproduction est un droit fondamental de la personne. Ce droit est déjà énoncé implicitement dans le Pacte international relatif aux droits économiques, sociaux et culturels et dans les autres instruments onusiens dont nous sommes tous signataires. Nous reconnaissons aussi que la contrainte et les objectifs démographiques arbitraires n'ont pas leur place dans le monde d'aujourd'hui. Non seulement constituent-ils des violations flagrantes des droits de la personne mais, de plus, ils ne sont pas durables.

Nous partageons l'opinion exprimée dans le Programme à l'effet que le développement ne suffira pas à lui seul à freiner la croissance démographique. Il doit être accompagné de la reconnaissance des droits des femmes et d'un appui à ces droits, particulièrement ceux qui sont liés à la santé et à la planification familiale. La protection de la santé de la mère et de l'enfant — qui est au coeur de ce dont nous discutons — ne relève pas des seuls pays en développement. Récemment, par exemple, mon gouvernement a lancé un programme de nutrition prénatale pour aider les femmes pauvres à donner naissance à des

- le partenariat sur une base multilatérale;

- la santé génésique;

- la migration.

L'habilitation des femmes

Comme le disait un jour le mahatma Gandhi : « Si vous éduquez un homme, vous éduquez un individu. Si vous éduquez une femme, vous éduquez toute la famille. » L'habilitation des femmes signifie pour moi qu'elles bénéficient des droits fondamentaux suivants :

- le droit d'accès à l'emploi;

- le droit aux soins et à l'éducation;

- le droit de déterminer combien d'enfants elles auront;

- le droit de choisir l'orientation que leur vie prendra.

Ce sont là des droits fondamentaux de la personne. Mais ce sont aussi des droits qui renforcent la famille, qui est la pierre angulaire de toute société civilisée. En aidant les femmes, nous ouvrirons la porte à une meilleure qualité de vie pour tous les membres de la famille, auxquels nous donnerons en fait la maîtrise de leur vie.

Environnement

Concernant l'environnement, il ne s'agit pas de savoir d'où vient le problème, mais de savoir qui va se charger des solutions. Il est impossible d'imaginer que la famille humaine puisse survivre au XXI^e siècle, si l'on ne résout pas à la fois le problème de la consommation vertigineuse dans le Nord et celui de la croissance de la population et de la croissance économique durable dans le Sud.

Les problèmes mondiaux tels que celui de la croissance démographique ne sont pas seulement l'affaire des gouvernements.

Partenariat et multilatéralisme

Les problèmes dont nous débattons aujourd'hui ne sont ni créés, ni résolus en vase clos. Nous sommes heureux de constater que le projet de Programme d'action reconnaît l'importance de partenariats avec ceux qui soignent et ceux qui enseignent.

Les partenariats, et notamment ceux qui sont établis avec les ONG [organisations non gouvernementales], répondent à la nécessité d'agir au niveau local, mais c'est par la coopération

LE CAIRE, Égypte
Le 6 septembre 1994

NOTES POUR UNE ALLOCUTION DE
L' HONORABLE SERGIO MARCHI,
MINISTRE DE LA CITOYENNETÉ ET DE L'IMMIGRATION
ET CHEF DE LA DÉLÉGATION DU CANADA,
À LA CONFÉRENCE INTERNATIONALE
SUR LA POPULATION ET LE DÉVELOPPEMENT

94/47

SOUS RÉSERVE DE MODIFICATIONS

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE INTERNATIONAL INSTITUTE
FOR STRATEGIC STUDIES

VANCOUVER, British Columbia
September 8, 1994



Canada

I am honoured to be able to open the 1994 annual conference of the International Institute for Strategic Studies (IISS) this evening and to welcome all of you to Canada, to British Columbia and to Vancouver. Canadians have long been associated with the work of the Institute. Indeed, former Prime Minister Lester Pearson was once president of the IISS. Tonight, I want to address the theme for this conference — "economics and strategy" — in fairly broad terms. I also want to speak about several other issues of critical concern to the Canadian government.

Most of us here this evening were educated and came of age during the Cold War. Our sense of what is important in international affairs, our understanding of the instruments required to meet our security needs, and even our strategic vision of the world, were grounded in the harsh realities of East-West confrontation. Our notion of security policy was a credible military deterrent, either as individual nations or through collective defence organizations like NATO. For many people, that threat — and that response — died with the collapse of the Berlin Wall and the subsequent demise of the Soviet Union. And with the end of that threat, the conclusion is sometimes drawn that we should be less concerned about international affairs. Although international tragedies persist, they are often perceived as distant, localized events, posing little danger to us.

Indeed, if you ask Canadians the question — "What are we trying to secure?" — the answers would predictably be domestic in orientation. Our physical safety and well-being. The physical integrity of our country. Our pluralistic, multicultural society. Our rights and liberties, and our sense of responsibility to others. Our prosperity, and our support for those who are less well-off. I suspect that, if we posed that same question to others in different countries, representing a variety of cultures and backgrounds, the answers would be similar.

But, if we asked the next question — "What developments outside our borders threaten that security?" — the answers are likely to be global in nature. Pollution and environmental degradation. International crime. Drugs. Unchecked movements of peoples across frontiers. Disease. Resource scarcity. Loss of markets and international competitiveness. Excessive international arms sales and nuclear proliferation. Well down the list would come a reference to the traditional concerns of war as a threat to Canada's way of life. Gone entirely would be such views as "the communist menace."

Clearly, this is not the expression of narrow self-interest. Canadians worry about the dangers posed to their way of life by developments beyond our borders, such as those I briefly outlined. Canadians are not xenophobic. They remain open to the world. The streets of Vancouver are a vibrant reminder of the breadth of our culture and outlook. But Canadians also wonder where we are headed, and they quite naturally look to government to provide a lead.

Therefore, the issue is not whether we should retreat to isolationism but how we should respond to changing threats to international peace and security, perceived and real. It is in that context that we must define and address the security needs of the 1990s. What are the new tasks we face as policy-makers?

I would suggest that we must be clear not only about the sources of insecurity, but especially, about how to distinguish between local, regional and global problems. These are not hard and fast categories. Bosnia may be a local problem, but its capacity for spill-over into neighbouring states makes it a regional issue. Issues of global proportions, like nuclear proliferation, are often being played out in the context of addressing local security problems. The Korean Peninsula, which I discussed extensively this past summer with other foreign ministers during my visit to Asia, is a case in point, as is the situation on the Indian subcontinent. By contrast, underdevelopment and environmental degradation are global problems requiring both local and global action.

In addition, we need to consider carefully the policy instruments best able to address these problems. Again, some of these instruments may be global in nature, and take the form of international legal regimes. Others may be regional, local or bilateral, designed to address security concerns at the most appropriate level. Sensitivity to local dynamics is paramount in our considerations. In both South Asia and the Korean peninsula there are nuclear risks. But their political dynamics differ markedly, and our approaches must take this into account.

I view the United Nations as the essential cornerstone of global security. Despite its imperfections, no other international body can establish global norms for dealing with the new security environment. We have no choice but to try to make it better. But a reformed UN is only part of the global security picture. Many local and regional agreements lie outside its structures, but they may be instrumental in helping to moderate international conduct. I do not suggest that an agreement regulating surface transport between two countries is a "security" arrangement or institution. But I would argue that such an arrangement is the building block of the kind of understanding that sees our collective futures as inextricably linked. That is a real contribution to international security, regardless of how you would categorize it.

This framework for addressing the new security issues of the 1990s stretches the definition of "security," perhaps, to embrace areas far removed from the concerns of strategists only a few years ago. But let me go even further and emphasize the increasing importance of defining security in economic terms.

Although international economic policy is one of the central tasks of government, it is also an integral part of foreign policy. In the post-Cold War years, Canadians addressed security by building a

transatlantic alliance and concluding a bilateral defence partnership with the United States. We also saw the need to promote peace through free economic exchange. This was the essence of Canada's insistence on Article 2 of the North Atlantic Treaty. We believed that economic insecurity could generate instability and conflict. And, conversely, we believed that the underpinning of economic stability and security was the creation of an open, liberal and multilateral system of trade and payments.

The relationship between long-term stability and economic co-operation is often overlooked. But in the Middle East, economic co-operation must be the foundation of a durable peace. In South Africa, the transition to democracy will be unsustainable unless the new government can provide jobs, housing, education and health care for all. In Central and Eastern Europe, and in the former Soviet Union, integration into the international economic system is essential for democracy and stability. Some of the consequences of Africa's economic failures confront us today in war, famine, genocide and mass migration. Challenges to the collective economic security of whole societies are also challenges to global economic security and to what was once a much narrower and specialized definition of "security."

Ultimately, stability and security must rest on economic foundations. The Conference on Partnership for Economic Transformation in Ukraine, which we will convene in Ottawa in the near future, is designed to help lock in the process of economic reform in Ukraine and open the way for assistance by international financial institutions. Thus it will address the essential economic foundations on which stability in Central Europe must be based over the long term. In different ways, we are building on the extraordinary economic dynamism of the Asia-Pacific region to develop a framework for future security co-operation. With the creation of the ASEAN [Association of Southeast Asian Nations] Regional Forum has come a concrete sign that enduring stability in the Pacific depends upon both stable economies and a security framework for peaceful relations among states, a point I will come back to later.

All of these efforts to ensure a strong international system depend inevitably on strengthening the institutions and organizations that constitute our system of global governance. They are the means to achieve our goals. Unfortunately, co-ordination among them is weak, and their weakness is sometimes reflected in the timeliness and quality with which the international community deals with crises. One of the future challenges for economic security, especially on the eve of the 50th anniversary of the UN and its agencies, is to re-visit the Bretton Woods institutions in a way which will enable governments and international organizations to adopt a more co-ordinated view of an increasing integrated global system of trade and payments.

The idea of looking at how international economic institutions perform was a major issue among G-7 [Group of Seven leading industrialized countries] Leaders at Naples. It will continue to be a key theme of Canadian efforts in the lead-up to the Halifax Summit. We need a broad look at these institutions — how they function, how they are financed and what their new mandates should be in a world of globalization and diminished national sovereignty. We need to address the key linkages among development assistance, trade and investment. We need to ensure that critical new issues — such as mass migration and population — enjoy the priority and attention they merit, while taking tough decisions on institutions that have outlived their mandates at a time when governments in all regions of the world are facing resource constraints.

This is clearly the case in the Asia-Pacific region. Canada is interested in Asia-Pacific security because we see that important Canadian interests, including economic and trade interests, are served by stability in the Asia-Pacific. And we do not underestimate the ripple effects that can spread insecurity from one region to another, particularly when we are talking about a region as important as the Asia-Pacific. Moreover, we believe that the Asia-Pacific security dialogue, with the participation of non-Asian countries that have legitimate interests in the region, can be an important stage in the building of inter-regional understanding, and hence, greater security. The ASEAN Regional Forum, the first meeting of which I attended in July in Bangkok, was a pivotal occasion for beginning the process of building a transpacific multilateral security link. Canada has a special role to play here, just as we did in helping to build transatlantic links such as NATO after World War II.

Let me turn now to a future exploration of what we must do to address the changing and expanding challenges to international security in its broader definition.

If we look at the entire range of formal and informal institutional regimes available to the international community to address these security challenges, we can see that the demand is often for rapid intervention, a kind of internationally sanctioned fire brigade to dampen the blaze. But the realities are complex. In the case of natural disasters, the central issue is marshalling resources to provide aid and see it through to delivery. Humanitarian systems are getting better, though more could and should be done in the area of advance preparedness. In the case of war, there is increasing reluctance to intervene militarily, given past experiences, even though intervention may be the only way to douse the flames. We might ask ourselves, for example, whether the French intervention in Rwanda was a useful contribution to ending that terrible conflict. We can marshal other instruments, such as economic sanctions, to put pressure on belligerents. But as we have seen in Haiti and Bosnia, it is an uncertain prospect at best.

It may be time to consider whether the international community is prepared to consider other military alternatives, along the lines outlined in the Agenda for Peace proposals. The new relationship NATO has developed with the UN in the Former Yugoslavia provides a promising case which could be expanded upon. Three weeks from now, at the UN General Assembly, I will discuss these questions further, but for the moment, I will confine myself to one brief observation: whatever paths we choose to take, they raise difficult questions on the limits of national sovereignty and external political will to act — sensitive but critical issues which we must address head-on.

The Agenda for Peace had useful things to say about how we deploy our international instruments to head off a slide into war and chaos, ideas that have met with some success in the former Yugoslav republic of Macedonia and in Transcaucasia. But if we are to develop the idea of preventive diplomacy, we need to consider establishing internationally agreed criteria by which we assess what constitutes a slide into crisis — as well as the counter-measures to arrest this slide. There can be no question of an automatic process. No one wants to be bound in advance by abstract rules. But equally, no one wants to see each critical situation addressed through ad hoc measures, often reflecting the differing national interests of the outside powers most directly responsible for preventing crisis. Achieving a framework for early warning and preventive diplomacy will not be easy. But I think it is well worth further reflection and exploration.

A related challenge is to see whether global measures and instruments can be made more specific and more concrete through regional organizations which, by common agreement, are more sensitive to local conditions. What we need to get away from are two extremes — on the one hand the ad hoc approaches that confuse many current efforts at preventive diplomacy; and on the other hand the creation of a security policy strait-jacket so rigid that it will not work. We need a flexible policy framework, responding to security breakdowns of varying types and magnitudes. The CSCE [Conference on Security and Co-operation in Europe] has proved to be an effective tool of preventive diplomacy, using flexible mechanisms such as short- and long-term missions and a High Commissioner for National Minorities. Some lessons should be drawn from that experience.

We also need to look more closely at transitional situations. What I have in mind here are those situations where we move from relative insecurity towards positions of greater and greater stability. In many ways, addressing this area is the most complex issue of all. It is also an area rich in successes. Look, for example, at the reconstruction of postwar Europe and the building of NATO and the European Union. Look at South Africa and the end of Apartheid. Look at the current progress, albeit fitful, of the Middle East peace process. Examining the preventive measures we take to avoid a crisis, or the instruments we need to address a

crisis, might also provide clues to the techniques we need to build the durable security systems which will prevent crises from happening at all. The strategic objective is to encourage countries to accept international codes of conduct that can be seen to support national interests — but, as importantly, support the international interest in peace and stability.

In deliberately broadening the traditional definition of security, I do not dismiss military questions, or the notion that war poses the ultimate security threat. But I believe that war is a result of insecurity, rather than a cause. Therefore, the best way to avert war is to address the sources of insecurity. The more we learn about those sources, about the linkages between them, about the way they build towards crisis and conflict, the more we must adjust our security policies and instruments to address them early on.

Allow me to conclude by suggesting a few guidelines which I believe should be considered in the determination of appropriate international action to meet the security challenges of the 1990s.

First, there is the importance of clarity of purpose. If we look at a past success, like South Africa, what is most noteworthy is the clarity about the final objective sought by the international community, which, in turn, permitted tactical compromises along the way because the final goal was so clear.

Second, pragmatic architecture — building from the ground up, winning public support along the way, and expanding the range of those with stakes in making things work. If we think of the forerunners of the European Union, we see that it was practical agreements on steel, coal and atomic energy that provided the tangible foundations for additional steps.

Third, persistence. After decades, in which the Middle East and South Africa represented, in different ways, the most stubborn of problems, they now offer genuine grounds for optimism. This happened because the people who made the breakthroughs had a degree of patience and perseverance that is hard to imagine for those who demand instant solutions and instant results.

Fourth, building as widely as possible around a central focus. In the Middle East peace process, it is clear that the bilateral track holds the key to peace. But we should not overlook the multilateral track, where participating Middle East countries, as well as outside countries including Canada, meet in working groups focussed on specific regional issues. While regional approaches must await bilateral peace agreements, these working groups will discuss the specific proposals which must be the next steps taken towards regional security.

Fifth, a combination of vision and modesty. In looking at the drama of a final, successful result, we often lose sight of the many small steps that conditioned and prepared the ground for a breakthrough. In South Africa, for example, Canada and other countries assisted opposition groups in a variety of ways for years, undoubtedly helping to bring about the transition to majority rule. In Eastern Europe, we are similarly engaged in technical projects that will help the countries of the region make their own historic transitions to liberal democracies.

Last, follow-up. It is in all of our interests to ensure that this tireless work achieves laudable objectives not only in the short run, but also over the long term. We cannot turn our backs at the first signs of success. In South Africa, or in the Haiti of the future, it will be essential that we work to ensure that the transition to democracy takes root and prospers. We must be there for the long haul.

Let me leave you with two further thoughts which I would argue have, and will continue to be, important Canadian foreign policy goals. The first is a long-standing emphasis in Canadian policy on an integrated approach to security, and especially on an old Canadian idea that has returned to fashion: the link between economics and security. Almost 40 years ago Lester Pearson, in accepting the Nobel Peace Prize in Oslo, said it succinctly: "we cannot have one world at peace without international social and economic progress in the same direction."

The second is our view in Canada of the need for frameworks, policies and institutions which limit the scope for unilateralism and tie the world into rules-based regimes. Next year is the 50th anniversary of the birth of the United Nations. We must seize the opportunity provided by this milestone to reflect on what has worked in the world to secure peace, and build on it. We must consider the complementarity of globalism and regionalism through which co-operative security can function in a range of institutions and organizations. And we must measure how best to harness the constructive energies of national economic and political interests towards framing the international structures by which the world community will be governed into the next millennium. I look forward to hearing your views in this regard over the course of the next two days.

Thank you.



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Communications

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CALIFORNIA COUNCIL FOR INTERNATIONAL TRADE



SAN FRANCISCO, California
September 9, 1994

Canada

A few weeks ago I noticed an article in the *Journal of Commerce* titled "Calif. Lawmakers Seen as Tepid on GATT," in which, quote, "A leading international trade organization is worried California's powerful Congressional delegation isn't paying enough attention to the General Agreement on Tariffs and Trade."

I understand your group has also led a business delegation to Washington to lobby for speedy passage of the Uruguay Round implementing legislation.

I say, Bravi!

It is both rare and welcome to see a private sector group actively, vocally pushing for trade liberalization. All too often we hear only from those opposed to trade liberalization.

It takes a strong political commitment to free trade and its benefits in order to see beyond the short-term challenges that it can present. It takes constant reminders that the wealth and the high standard of living that we enjoy in both the United States and Canada are in large part due to the liberal, rules-based trading system that has developed since the GATT was founded in 1947.

The world trading system, of course, took a quantum leap forward with the successful completion of the Uruguay Round of multilateral trade negotiations. Not only were tariffs cut by around 40 per cent, but important new areas were brought under world trade rules — trade in services, intellectual property rights, agriculture and textiles.

A unified, effective dispute settlement system will ensure that all nations, big and small, have access to a fair hearing when disputes arise. And we will have a potent World Trade Organization [WTO] to help guide trade and investment into the next century.

We will have a more secure environment in which the increasingly interdependent global economy can grow and develop ... with benefits for all.

In the case of the United States, it is estimated that the GATT agreements would boost the economy by as much as \$219 billion a year after 10 years, save consumers \$35 billion and cut the federal deficit by more than \$20 billion a year.

But we are not there yet.

Legislation to implement the Uruguay Round results must be passed by a critical mass of participating governments before it can go into effect on January 1. For our part, Canada intends to act expeditiously so we are ready to go on January 1.

In the European Union, a jurisdictional clash between the Commission and some member countries could create delays. In

Japan, we can expect a prolongation of the spirited debate on the emotional issue of market access for foreign rice.

But of all the barriers that stand between the signature of the Uruguay Round in Marrakech and the actual implementation of the World Trade Organization, the biggest are to be found in Washington. As the world's largest economy, and as the linchpin of the Uruguay Round Agreement, how the U.S. government handles its implementing legislation will determine both the timing and content of other countries' legislation.

In Canada, and no doubt in many other countries, we watch with concern as one interest group in the United States after another tries to make the Congressional legislation hostage to its own agenda. In doing so, interest groups are threatening some of the very achievements that were realized only after years of difficulty in this historic negotiation.

For example, we are concerned about the implementing legislation that is emerging in Washington with respect to changes to U.S. trade remedy law. In our many representations to U.S. officials, we have pointed out how the changes being considered will move U.S. trade law in trade-restrictive rather than trade-liberalizing directions, completely contrary to the intent of the Uruguay Round agreements.

We are also concerned about Section 301. The dispute settlement understanding reached in the Uruguay Round is a milestone in our joint efforts to create a stronger, rules-based trading system. The United States, we feel, should not make changes to its 301 authority which call into question its commitment to give primacy to the World Trade Organization for resolving disputes in sectors covered by the Uruguay Round agreements.

For the same broad reason, we are opposed to proposals for the use of trade sanctions to enforce labour standards. We do believe that the International Labour Organization, working with the OECD [Organization for Economic Co-operation and Development], should try to develop a consensus on a core set of labour standards.

To force this issue now, however, would rekindle the acrimonious debate that threatened the agreement that was signed in Marrakech last spring. It could hobble the new World Trade Organization as it takes its first tentative steps in the New Year.

At the same time, we hope that the U.S. Administration will be granted the fast track authority necessary for the process of trade liberalization to continue.

Not only Canada and the United States, but all countries will benefit from future trade agreements, be they expansion of the

NAFTA [North American Free Trade Agreement] or agreements concluded multilaterally through the WTO.

In particular, and following my recent meetings with Argentine and Brazilian officials, I strongly believe that the NAFTA accession clause should be used as a tool for trade liberalization in the Western Hemisphere. I am concerned that, after urging a vision of free trade from Alaska to Tierra del Fuego, Washington appears to be losing its momentum. Continuing ambivalence could foster the development of a patchwork of agreements that would confound greater trade and investment.

Canada and Mexico are ready to negotiate the accession of additional members to the NAFTA — with Chile being the most likely first candidate. But in the United States, of course, fast track authority is essential for NAFTA accession. Without this authority, it is highly unlikely that any trading partner of the United States will want to negotiate an agreement that Congress will be free to change unilaterally.

Some of the concerns that Canada and the international community have regarding the Uruguay Round implementing legislation in the United States are reflected in problems that we have within the NAFTA itself.

As we saw with both the lumber and the wheat disputes, there appears to be a growing tendency for special interest groups to take over the Congressional agenda, then push for and get action that violates both the spirit and the letter of international trade law.

Ultimately, these actions hurt not only your trading partners, but the U.S. public as a whole.

Consider the lumber dispute. After eight years of rancorous debate, in which sectoral interests exhausted every conceivable avenue of appeal, the countervailing duty has finally been removed by Washington. But while it was in effect, thousands of Americans were forced to pay more for their new homes because of the duty. And inflation in the United States was higher than it otherwise would have been.

As I said, this case was resolved recently, through the final ruling of an Extraordinary Challenge Committee established under the Canada-U.S. Free Trade Agreement [FTA]. But within hours of the ruling, certain lumber interests were pushing the Administration to withhold payment on the unfairly collected duties, and once again threatening a whole new round of harassment.

Like the lumber case, we have managed to contain — at least for the current year — the wheat dispute. In the face of a threat of unilateral U.S. action, Canada consented to the agreement, but not

happily. We did not see what justification there was for any restriction on our fairly traded wheat. We finally accepted the agreement because it was clear the United States would otherwise take more drastic action against our wheat exports, in response to the local demands of some U.S. wheat producers and their Congressmen.

Actions such as those fuelled frequently by local discontents disrupt trade and investment decisions, hurt consumers and corrode our bilateral relationship.

These continuing actions risk undermining the essential value of the agreement. In endorsing the NAFTA, the Canadian Parliament argued that the expanded economic area would give companies improved access to an open North American market of 370 million people. Tariffs and non-tariff barriers would no longer distort or stunt economic development. Producers would be more able to realize their full potential by operating in an integrated North American economy. As a result of heightened competition, consumers would benefit from better products and better prices.

To a considerable degree, those goals are being realized. The fact that trade among NAFTA partners has increased by over 10 per cent during the first six months of the Agreement, compared to the same period last year, testifies to its success.

But how can you reconcile our trilateral goal of freer trade with actions such as in the wheat and lumber cases? It points precisely to the unfinished business of the NAFTA and indeed of the FTA before it — I speak of the reform of countervail and anti-dumping laws.

Canada entered into our bilateral Free Trade Agreement and then the NAFTA precisely because we want and need a stable trading environment. We were willing to meet the heightened competition that free trade brings; we endured sometimes painful adjustment; and we restructured so that we could compete in an integrated North American economy, the prerequisite to yet greater global competition.

Having made those commitments, sacrifices, and improvements in our competitiveness, we want the free trade agreement to work.

It will not work if industries in all three countries continue to try to block exports through countervail or anti-dumping actions.

Because this issue is so important to us, we insisted, as a condition of our participation in the NAFTA, that trilateral working groups develop ways in which we can reform trade remedy laws by January 1, 1996.

The Uruguay Round made considerable progress on the question of subsidies and countervail. Assuming that the U.S. implementing legislation is faithful to the Uruguay Round Agreement itself, it will provide a good base for the trilateral working group on subsidies. But there remains much more work to be done on dumping.

In tackling this issue, we should take a hard look at how the Europeans have handled it. Within the European Union, dumping laws have been eliminated. For countries outside of the Union, a common anti-dumping regime applies.

Likewise, Australia and New Zealand have agreed to regard all commerce within their free trade area as domestic commerce.

In an integrated North American market, where firms have rationalized production on a North American basis, the concept of a national industry may no longer be viable. Should we not examine the impact of pricing behaviour on the continental market as a whole? Or would it suffice to tackle the definitions, thresholds and mechanisms provided in current anti-dumping laws?

These are the kinds of questions that must be answered on a priority basis. We should be encouraging firms to take advantage of an integrated North American market, not penalizing them for doing so.

If you agree with the logic of that argument, I ask you to do what you can to help advance those trilateral working groups on trade remedies, following your laudable insistence on a "clean" implementation bill for the Uruguay Round.

Globalization has created stresses and strains in virtually every country. The challenges of globalization are not just economic, but also social, technological, environmental and political. As economies have grown more integrated, local interests have pressed national governments to seek their own domestic advantage through erosion of freer trade commitments.

Powerful players too often see multilateral, regional and bilateral trade negotiations as manoeuvres in a zero-sum war for jobs, growth and technology — a win/lose struggle of the economically fittest. It leads to "beggar-thy-neighbour" trade policies that provide the short-term appearance of local gain while creating long-term impediments to national and international progress, growth and prosperity.

Too often the tenets and the long-term benefits of free trade are forgotten. Too quickly people forget the big picture.

I am very pleased to be with a group of people who have not forgotten. Thank you.



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AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF GRANT PRESENTATIONS
TO BRITISH COLUMBIAN CULTURAL GROUPS

VANCOUVER, British Columbia
September 8, 1994

Canada

Ladies and gentlemen,

I am pleased to join you here at the start of a fall season that promises to generate a great deal of artistic activity. I consider Canadian artists to be Canada's foremost ambassadors. All Canadians can take pride in their accomplishments in their individual disciplines and I wish every one of them all possible success in their endeavours.

The new Government of Canada attaches great importance to our International Cultural Relations Program, which helps Canadian artists present themselves on the international stage. As the Government's Red Book states: "Culture is the very essence of national identity, the bedrock of national sovereignty and national pride. It gives meaning to the lives of every Canadian and enriches the country socially, politically and economically."

We believe the Program acts as a catalyst for creating partnerships among the federal and provincial governments, and I welcome the close co-operation with our provincial and also municipal colleagues when it comes to jointly finding the means to showcase Canada's artistic achievements abroad.

I believe we must encourage the private sector to join us in these efforts. There is a great deal of benefit to be derived from the publicity and excitement which surround Canadian cultural events abroad. I am pleased that a number of companies have become our partners in supporting international touring by Canadian artistic companies, but I am convinced that there is still more that could be done.

This is why I have instructed my department to conduct a review of the International Cultural Relations Program and have encouraged the special joint parliamentary committee reviewing Canada's Foreign Policy also to examine this issue. I look forward to seeing the results of these reviews and to acting on their recommendations.

I would like now to proceed with several cheque presentations.

Ballet B.C./Karen Jamieson Dance Company

Vancouver is a Pacific city, and it is therefore appropriate that two of Vancouver's major dance companies will be performing across the Pacific in Tokyo this fall. I know that a great deal of planning has gone into these projects, and that their success depends on input from many quarters. Your performances will provide Japanese audiences with an opportunity to experience the creativity and the variety of Canadian dance from the West Coast, and I am certain that you will add an important strand to our bilateral relationship. I am pleased to present cheques to Mr. Howard Jang, General Manager, Ballet B.C., and Mr. Jay Rankin, General Manager, Karen Jamieson Dance Company.

Vancouver International Film Festival

The International Cultural Relations Program is also helping the Vancouver International film Festival which has built a solid reputation amongst the international film community, and provides strong support for the marketing of Canadian films. The Festival's emphasis on Asia is particularly timely. When I was in Japan last month, I signed, on behalf of the Government of Canada, a film and TV co-production agreement between our two governments. We look forward to increasingly close co-operation in this sector both with that country and other Asian countries. Your Festival has an important role to play in that regard. I would like to present a cheque to Ms. Jane MacDonald, Executive Director, Vancouver International Film Festival.

Sen'klip Native Theatre Company

I am pleased that the Sen'klip Native Theatre Company will be undertaking and extensive tour of major German and Dutch cities. Its commitment to increase the awareness of the Okanagan culture through theatre will help to encourage more tourism from these countries to the West Coast. Canada has a great deal to offer European visitors, and the tourism industry is a major force of the Canadian economy.

I would like to now present a cheque to Ms. Inga Frank, Playwright with the Sen'klip Native Theatre Company.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADA-UNITED STATES BUSINESS ASSOCIATION



DETROIT, Michigan
September 16, 1994

Canada

I thank you for your invitation and for this opportunity to express my appreciation to the members of the Canada-United States Business Association. Your association has played an important role in nurturing a strong and dynamic relationship between Canada and Michigan. In any case, it is a relationship that Ambassador Blanchard, who had hoped to be here with us today, would not let me forget.

Although the Ambassador could not be with us, I am here today with a group of small and medium-sized companies from Ontario who are seeking for the first time to expand their business across the border to Michigan. They are here under a Canadian government program, sponsored jointly with the Government of Ontario, called "New Exporters to Border States" or "NEBS." The program encourages Canadian small and medium-sized enterprises to look beyond their local markets into markets across the border. I invite you to welcome them and to share with them your knowledge and experience of the Michigan market.

At the same time, I wish to convey my appreciation for the trade initiative shown by the Canadian participants on this mission. I hope that you meet with the success you deserve. Through your success, you contribute in no small way to job and wealth creation.

Job creation is a key objective of the Canadian government. It is widely recognized that in the current business cycle, small and medium-sized enterprises in general and exporting enterprises in particular are the most likely to create jobs. Our NEBS program is one of a growing number of measures we are taking to help smaller firms step beyond our border, starting with the United States of America.

While we are keen to expand and diversify our export markets globally, we know that succeeding in the U.S. market — the most demanding in the world — is the best possible training for exporting offshore.

The importance of our close relationship with the United States became particularly clear over the past year, as exports to the United States provided a major driving force behind our economic recovery.

At the same time, our increasing imports from the United States demonstrated that the recovery was well under way, providing a further boost to Canadian confidence about the future.

The health of our trading relationship is nowhere more evident than in autos and auto parts where our cross-border trade is, to put it mildly, robust. And nowhere is the impact of auto trade more evident than in Canada's trade with you. Michigan is the largest destination for Canadian exports. Michigan is the largest source of our imports among all States of the Union. In

fact, Canada's exports to Michigan alone far exceed our exports to Japan.

In many ways, the Canada-Michigan relationship, dominated by trade in manufactured goods, is a model for free traders everywhere. The Auto Pact of several decades ago allowed both rationalization and specialization, resulting in a continental industry that is increasingly competitive globally.

The North American Free Trade Agreement [NAFTA] builds on that success. By providing much more open access to the growing Mexican market, along with improved rules of origin, NAFTA offers our industries an opportunity to improve their competitiveness.

Having said this, I am also well aware of the fact that the advantages of free trade among the three countries of the NAFTA and the need to remove further impediments to trilateral and multilateral trade are yet to be appreciated fully. Canadian success in the United States market gives rise at times to protectionist impulses from certain regional or sectoral interest groups who have used their influence on Congress and the Administration to deny U.S. consumers the benefits of competitively priced Canadian products and services.

It takes a strong commitment to free trade and its benefits to see beyond the short-term challenges that it can present. It takes constant reminders that the wealth and the high standard of living that we enjoy in both the United States and Canada are largely due to the liberal, rules-based trading system that we have developed since the GATT [General Agreement on Tariffs and Trade] was founded in 1947.

The world trading system, of course, took a quantum leap forward with the successful completion of the GATT's Uruguay Round in December 1993.

Not only are tariffs in general to be cut by an average of 40 per cent, but important new areas are to be brought under world trade rules: trade in services, intellectual property rights, agriculture and textiles.

A unified, effective global dispute settlement system will ensure that all nations, big and small, have greater access to a fair hearing when disputes arise.

And perhaps most important, we shall have a potent World Trade Organization [WTO] to help guide burgeoning trade and investment into the next century.

We shall have a more secure environment in which the increasingly interdependent global economy can grow and develop ... with benefits for all.

In the case of the United States, it is estimated that the Uruguay Round agreements will boost its economy by as much as \$220 billion a year after 10 years, save consumers \$35 billion and cut the federal deficit by more than \$20 billion a year.

Legislation to implement the Uruguay Round results must be passed by a critical mass of participating governments before it can go into effect on January 1, 1995.

Given the vital importance of trade to the Canadian economy, I have been pressing hard for an early ratification of the Uruguay Round, initialled by more than 120 governments in Marrakech six months ago. So I was pleased to hear from my colleagues at a meeting in Los Angeles last weekend that the United States, Japan and the European Union, like Canada, are all committed to rapid and effective implementation of the Uruguay Round and to bringing the World Trade Organization into operation on January 1. For its part, Canada will move expeditiously on this matter.

However, in Canada, and no doubt in many other countries, we have been watching with concern the Congressional debate in the United States, particularly as one interest group after another tries to make the Congressional legislation hostage to its own agenda. In doing so, interest groups threaten some of the very achievements that were realized only after years of difficult negotiation.

For example, we are concerned about the implementing legislation with respect to changes to U.S. trade remedy law, particularly subsidies and countervail. In our many representations to U.S. officials, we have pointed out how some of the changes being considered will move U.S. trade law in trade-restrictive rather than trade-liberalizing directions, contrary to the intent of the Uruguay Round.

We regret that in the legislation the U.S. Administration will apparently not be granted the fast track authority necessary to proceed with the process of trade liberalization. One can only hope that such Congressional authority will be readily granted in the new year.

Not only Canada and the United States, but all countries will benefit from future trade agreements, be they through the expansion of the NAFTA or agreements concluded multilaterally through the World Trade Organization.

Some of the concerns that Canada and the international community have regarding the Uruguay Round legislation in the United States are reflected in problems within the NAFTA.

Consider the lumber dispute. After eight years of rancorous debate, in which sectoral interests exhausted every conceivable avenue of appeal, the countervailing duty has finally been

removed by Washington. But while it was in effect, thousands of Americans were forced to pay more for their new homes because of the duty. And inflation in the United States was higher than it otherwise would have been.

Actions such as this, fuelled frequently by local discontents, disrupt trade and investment decisions, hurt consumers and corrode our bilateral relationship.

These continuing actions risk undermining the essential value of the Agreement. In endorsing the NAFTA, Canada argued that the expanded economic area would give companies improved access to an open North American market of 370 million people. Tariffs and non-tariff barriers would no longer distort economic development.

Producers would be more able to realize their full potential by operating in an integrated North American economy. As a result of heightened competition, consumers would benefit from better products and prices.

To a considerable degree, those goals are being realized, as is evidenced by the fact that trade among NAFTA partners has increased by 10 to 20 per cent during the first six months of the Agreement.

But how can one reconcile our trilateral goal of freer trade with actions such as in the lumber case? It points precisely to the unfinished business of the NAFTA and indeed of the FTA [Canada-U.S. Free Trade Agreement] before it. I speak of the reform of countervail and anti-dumping laws.

Canada entered first into the bilateral Free Trade Agreement and then the trilateral precisely because we want and need a stable trading environment. We were willing to meet the heightened competition that free trade brings; we endured sometimes painful adjustment; and we restructured so that we could compete in an integrated North American economy, the prerequisite to yet greater global competition.

Having made those commitments to greater competitiveness, we want the free trade agreement to work.

It doesn't work when industries in all three countries continue to try to block imports through countervail or anti-dumping actions.

Because this issue is so important to us, we insisted, as a condition of our participation in the NAFTA, that two trilateral working groups develop ways in which we can reform trade remedy laws by December 31, 1995.

In tackling this issue, we should take a hard look at how the Europeans have handled it. Within the European Union, dumping laws have been eliminated. For countries outside the Union, a common anti-dumping regime applies. Likewise, Australia and New Zealand have agreed to regard all commerce within their free trade area as domestic commerce.

In an integrated North American market, where firms have rationalized production on a North American basis, the concept of a national industry may no longer be viable. Should we not examine the impact of pricing behaviour on the continental market as a whole? Or would it suffice to tackle the definitions, thresholds and mechanisms provided in current anti-dumping laws?

These are the kinds of questions that must be answered on a priority basis. We should be encouraging firms to take advantage of an integrated North American market, not penalizing them for doing so.

Steel is a good example.

The Government of Canada wants to see a strong North American steel industry, not harmed by unfair competition.

The close integration of our markets makes North American steel trade unique in the world. This trade needs to be differentiated from steel trade with other countries. We not only share a market, but it is also the least subsidized and most open steel market in the world.

This is the context in which both the Government and the industry in Canada have consistently emphasized our view that trade remedy actions by any of the NAFTA countries against steel imports from any other are counterproductive and make no commercial sense.

We do recognize, however, that the process of integrating our markets and adjusting to increased international competition is not always easy. We recognize that appeal to trade remedy laws can be attractive. But these do nothing to promote progress, innovation, efficiency, or competitiveness — things we need to face in global competition.

The effect of the steel anti-dumping cases for the North American automobile industry is higher costs for companies and consumers. That's no way to meet the challenge of global automobile trade.

Now, I know that this logic enjoys considerable support here in Michigan, so I urge you to fight for reform of trade remedy laws, both through the NAFTA working groups and through a "clean" WTO implementation bill here in the United States.

Canada is a major trading nation. Our success in world trade means that we have a huge stake in the NAFTA and in the world trading system. A set of fair trading rules by which both we and our trading partners abide is important for Canada. It is important because, among other things, it ensures that investment decisions are based not on protectionist devices but on competitive advantage.

The Government of Canada is constantly working to enhance our competitiveness. First and foremost, we are committed to creating the conditions that produce strong and sustained growth.

Our approach is to have an economic policy framework that ensures that investors find in Canada an environment where business can grow and prosper.

We believe that sound investments should not be based on one-time-only incentives but on the country's broad and long-term economic growth prospects.

Our recent economic growth, led by a strong export performance and by equally strong business investment in machinery and equipment, has broadened significantly to include consumer spending.

Growth this year is expected to reach or exceed four per cent. We are confident of sustaining similar growth levels for some time to come. Recent strong investment reflects buoyant business confidence.

Indeed, in the second quarter of 1994, business confidence rose to its highest level since 1979.

Employment is rising, providing the basis for stronger consumer demand. At the same time, costs are staying down. Unit labour costs in particular have been falling due to the combination of low wage increases and greater productivity.

Among the G-7 [Group of Seven (leading industrialized)] countries, we have the lowest inflation rate. It has been at zero per cent in recent months. In the quarter ending last June, prices actually fell and the economy grew by an annual rate of 6.4 per cent.

The economic confidence that we are now seeing is aided by the determination of both the federal and the provincial governments to get their fiscal house in order.

Speaking on behalf of the Canadian government, I can assure you that we are determined to stay on course in our efforts to reduce the deficit.

We shall achieve our target of bringing the federal deficit down to three per cent of the Gross Domestic Product within three years, and from there to eliminating the deficit completely.

Almost a year ago, my party was elected with the mandate to concentrate on economic growth and job creation. Since then we have made real progress, working hard in co-operation with all provincial governments. Last Monday, Quebecers voted to change their provincial government — nothing more. We therefore intend to stay on course in our agenda. That is the focus that the huge majority of Canadians, in all provinces, expect us to keep.

By pursuing a sound economic policy at home and a greater commitment to trade liberalization abroad, Canada is putting to work a reliable formula for sustained growth and prosperity. Ultimately, as has been reflected in UN surveys, Canadians enjoy perhaps the highest quality of life in the world, and we will do all in our power to keep it that way.

I invite you to participate in the Canadian economic renewal both by trading with us and by making productive investments in our country.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
IN THE HOUSE OF COMMONS
ON CANADA'S ROLE IN PEACEKEEPING



OTTAWA, Ontario
September 21, 1994

Canada

Mr. Speaker:

I want to address the House this afternoon about one of the strongest and most enduring traditions of Canadian foreign policy, our commitment to peacekeeping. Almost 40 years ago, in the midst of international crisis in the Middle East, the Canadian Foreign Minister, Lester B. Pearson, first developed the modern concept of peacekeeping. That idea defused an explosive international crisis, and led to a peaceful disengagement of warring parties under the United Nations flag.

Since the creation of the first United Nations Emergency Force in 1956, under the leadership of a Canadian, Lt.-Gen. E.L.M. Burns, there have been 26 other UN peacekeeping missions. In every case Canada has participated in some way. Canadians have served with distinction in all 16 peacekeeping operations currently under way in the UN. More than 3000 Canadians are currently deployed in eight international operations, while helping the UN Secretary-General with the planning of two other missions in which some 700 Canadians might eventually be called to serve. This is a unique record of achievement of which all Canadians should be proud.

A decade ago, the UN had only three active peacekeeping missions, involving very few troops. But the end of the Cold War, the outbreak of ethnic and nationalist conflict, the new co-operation among the members of the Security Council — these factors have changed the peacekeeping equation. The United Nations has been empowered to act where once there was stalemate. As a result, the UN is now becoming the instrument of international co-operation which was the world community's hope in 1945. The Security Council is now using peacekeeping as a central instrument to bring about peaceful change, particularly in countries ravaged by civil war.

Canada is one of the UN'S strongest supporters. Next week, at the United Nations, I will be putting forward suggestions for making the organization more responsive to a new era in which peacekeeping and related tasks will become even more central to its mandate. But we've also recognized in recent months, pending the implementation of these vital reforms, that the UN has more peacekeeping mandates than it can realistically handle, involving a variety of tasks which the international community is ill-equipped to manage.

It therefore seems a useful time to take stock of the situation, and to ask ourselves a series of questions about peacekeeping. What are Canada's national interests in the new era of peacekeeping? How should we play a role in the more diverse and demanding era which is now confronting us? How should we deploy our very valuable resources abroad at a time of fiscal constraint at home? How should we support the UN in a time of transition to new and more demanding tasks?

My view is that peacekeeping is fundamental to Canadian foreign policy. It is not simply a question of continuing a tradition for which Canadians have a deserved international reputation. It is a question of making a concrete and key contribution to international security at a time of instability in many parts of the world. It is also a question of making the UN work, in directions which are in Canadian interests and in the interests of virtually the entire global community.

In emphasizing the importance of peacekeeping, I recognize Canada's strong desire to help the UN whenever we can. But I acknowledge, at the same time, that Canada cannot be everywhere, and do everything. At a time when the UN is approaching a total of 18 operations in the field, when Canada may have, in the near future, as many as 3700 people in the field, we simply lack the resources to participate in every operation. On what basis, therefore, do we choose? How do we select the operations we support, and distinguish them from the ones to which we might, in future, not be able to contribute?

In my view, a number of factors should guide our future action.

First of all, we should devote time, attention and resources, above all, to the planning and administrative functions at the UN which will enable the UN to function effectively in the future. This means developing ideas to make the UN Secretariat more responsive to international developments, offering personnel to the UN for explicit planning functions, helping the UN plan and co-ordinate the initial phases of operations, and offering our leadership in operations, as we did in Rwanda with Maj.-Gen. Roméo Dallaire and his successor, Maj.-Gen. Guy Tousignant. This emphasis on the "front end," based on wide-ranging Canadian experience, will help to ensure that operations can function with a maximum of effectiveness.

Second, Canada should focus on roles in UN missions involving what we do best. In Rwanda this has meant communications and logistics, the supply of fresh water, and the provision of medical field hospitals. This is also what we have done with our civilian police contributions, through the Royal Canadian Mounted Police, in Namibia and the former Yugoslavia. This is what we intend to do shortly in Haiti.

Third, we should try, in thinking about our roles, to offer contributions which are not only useful in the peacekeeping phase, but which also make a contribution to the broader reconstruction of society — the "peacebuilding phase" which follows a peaceful settlement. In Kigali, Canadian troops have opened the airports and helped restore vital communications functions. In Haiti, the UN will use an international force of trained police officers, under the leadership of Superintendent

Pouliot of the RCMP, to transform the Haitian police into a professional unit appropriate to a democratic society.

Lastly, I believe we should be open and responsive when needs arise quickly and when the international community requires an urgent response. This means continuing the Canadian tradition of participation whenever we can and whenever the resources are available. When peace in the Middle East has finally been achieved, Canada must be there to help in its implementation. In Haiti, Canada has a moral obligation to help in the restoration of democratic government and in the reconstruction of a devastated Haitian society.

There can be no hard and fast rules about Canadian participation. There should be no arbitrary limits to Canada's contributions. What we do in each situation must be judged in light of our interests, the requirements and our ability to participate. Resource constraints have become an obvious consideration. A decade ago, our share of the total UN costs of peacekeeping was only \$8 million. In this fiscal year, the Canadian share will be in excess of \$150 million. Other issues that need to be looked at, for example, are continuing deployments of our peacekeepers and the capacity of other countries to participate in these types of operations.

There is always value in reviewing our ongoing peacekeeping commitments in light of the conditions I have just outlined. The House knows that our future peacekeeping presence in the former Yugoslavia is up for renewal at the end of this month. As members will recall, last February the Government held a debate on the same question. Today we are continuing this tradition.

Canada has played a key role in the Balkans over the past three years. We joined the European Community Monitoring Mission in 1991, and committed forces to the UN Protection Force in the former Yugoslavia in 1992. We currently have 2000 troops serving in Croatia and Bosnia. We are continuing the humanitarian airlift into Sarajevo in co-operation with the UN High Commissioner for Refugees. We have contributed funding to the investigation of violations of international humanitarian law and to the international tribunal for war crimes. We have some 45 RCMP officers deployed in the former Yugoslavia. Canadian naval forces are part of NATO's Adriatic commitment. We have participated in CSCE [Conference on Security and Co-operation in Europe] investigative and monitoring missions, and we are about to support the monitoring of the border between the Federal Republic of Yugoslavia and Bosnia.

I believe we have a moral obligation to continue to help. In the field of humanitarian assistance, the Sarajevo air bridge has proven indispensable and its work will continue. Today, I am pleased to announce, in addition to what we have pledged already,

an additional contribution of \$1 million to the International Red Cross and \$7 million to be divided among four UN Agencies, the UN High Commissioner for Refugees, the World Food Program, UNICEF [the UN Children's Fund] and the World Health Organization. I am also happy to announce the extension of projects with CARE Canada for the installation of water purification units in Sarajevo and with Queen's University for developing a network of rehabilitation centres for the wounded and handicapped, also in Sarajevo. Canada will also contribute half a million dollars to the special United Nations fund for the restoration of essential services in Sarajevo.

Having said that Mr. Speaker, I want the House to understand that it is increasingly difficult to sustain all of these efforts — especially at a time when the conflict still rages, when the parties are far from a peaceful settlement, and when the prospect of lifting the arms embargo may compromise the UN's mandate and endanger all peacekeeping forces in the region. The "contact group" is making a significant contribution to the negotiating process although prospects for a settlement remain far from certain. Canada fully expects to play a role in the diplomatic process commensurate with the size and importance of our peacekeeping contribution.

I believe it is possible to sustain our role in the UN Protection Force, at least in the short run. We need to give negotiations a chance to work. We need to ensure the provision of humanitarian assistance while political pressure takes effect. What may prove to be necessary are adjustments in the size or disposition of Canada's contribution at a time when there are other real demands on our peacekeeping forces. Whatever changes we may need to make in the months ahead, the first priority of Canadian policy must be the conclusion of a peace agreement among the parties.

Canada is also playing a key role in the efforts of the UN and the OAS [Organization of American States] to help in the restoration of democratic government in Haiti. I think the House will share my relief at the last minute agreement reached between the U.S. negotiators led by former President Carter and members of the *de facto* military regime. We look forward to an early return of Jean-Bertrand Aristide to his rightful place as democratically elected President of Haiti.

Canada will play a prominent role in rebuilding democracy in that troubled country. As the situation permits, the Government proposes to send some 700 Canadians — 100 RCMP engaged in training and monitoring activities, and 600 members of the Canadian Forces in support and logistics roles — to help during this vital period.

Turning to the situation in Rwanda, the Canadian position has been clear from the beginning. Last May the Government called

for a special session of the UN Commission on Human Rights on Rwanda, and we were the first to offer funding for the dispatch of human rights observers. As the crisis worsened, Canada took a lead in supporting UN efforts, and provided a major contribution to UNAMIR [United Nations Assistance Mission in Rwanda] in support of Maj.-Gen. Roméo Dallaire. The Canadian effort to reinforce UNAMIR enabled this force to save thousands of lives, including that of the current prime minister. We were also among the first to lend tangible support to the second element of our strategy, namely, encouraging refugees to return to Rwanda. We sent a 200-person medical unit to Rwanda, and were the first to send experts to see what could be done to restore the infrastructure of the country, its water supply, electricity and telephone services.

The crisis in Rwanda is ultimately a political crisis. It is clear that any final agreement must have the support of all parties. In the meantime, Canada's contribution to the United Nations peacekeeping effort in Rwanda will help stabilize the situation and prepare the ground for a peaceful settlement.

The Canadian Armed Forces may eventually be deployed in as many as 10 ongoing UN operations. But even with this type of global involvement, Canada will also have the flexibility to respond rapidly in the event of humanitarian tragedies elsewhere, or in the event that the conclusion of peace treaties results in a need for future monitoring activities.

In the months and years ahead, in working with the United Nations and other international organizations, Canada must retain our position of leadership on this issue. We must also retain the capabilities which will allow us to act quickly and effectively when duty calls. I believe that we can continue in this proud Canadian tradition if we exercise judgment about missions and roles. In so doing, we can strengthen the United Nations system, and help make it the foundation of international order which we will require well into the next century.

I look forward hearing the views of the House on these important issues.

Thank you, Mr. Speaker.



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Communications

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE EMPIRE CLUB



TORONTO, Ontario
September 23, 1994

Canada

Let me start by thanking the Empire Club for the opportunity to speak today.

Revolutionary is not a term that is typically used to describe Canada's trade policy. And yet, almost unnoticed, we find ourselves on the leading edge of an economic revolution that is transforming the Americas — a revolution as profound in its long-term implications as the changes underway in Asia, Eastern Europe and the former Soviet Union.

A clear expression of this revolution is Canada's decision earlier this year to enter the North American Free Trade Agreement [NAFTA] with the United States and Mexico, building on our fundamental commitment to the expansion of multilateral, rules-based trade in the new World Trade Organization [WTO] to come into existence on the first of January 1995.

What the NAFTA reflects — and reinforces — is the emergence of a more truly integrated North American economy; an integrated economy which goes beyond more intensive trade linkages to encompass converging infrastructures, common distribution networks, and an increasingly intricate web of cross-border production.

Nor is the movement toward closer economic integration limited to the northern half of the hemisphere. In addition to the NAFTA, Mexico has entered into a free trade arrangement with Venezuela and Colombia. A revived Andean Pact will link the economies of Peru, Bolivia, Colombia, Ecuador and Venezuela through freer trade.

And just this month Argentina, Brazil, Paraguay, and Uruguay signalled their intention to move the Mercosur further toward a full common market. Nowhere in the world has the drive for economic liberalization and reform been more vigorous and more far-reaching than in this hemisphere.

Yet despite these rapid advances in recent years, there are signs of late that this revolution of market liberalization may be faltering. After playing a leading role in securing the successful conclusion of both the NAFTA and the Uruguay Round of the GATT [General Agreement on Tariffs and Trade] last year, the United States is in danger of losing its momentum for freer trade.

This danger is already evident in the context of current Canada/United States bilateral relations. Although we enjoy the world's largest trade relationship — one in which the vast majority of our two-way trade flows without impediment — we have encountered a number of corrosive disputes that reflect, for the most part, the triumph of narrow, protectionist interests over a broader trade vision.

The related issue of NAFTA expansion, too, hangs in the balance. After initially embracing a vision of free trade from Alaska to Tierra del Fuego, some in the United States now talk of an undefined period of study and assessment, perhaps leading to a limited form of economic "association" between the original three members of the NAFTA and the other countries of the region. Meanwhile, the immediate question of whether Chile can accede to the NAFTA remains unanswered.

Largely in reaction to perceived U.S. uncertainty, other countries in Latin America have begun to re-evaluate their own options. Not surprisingly, separate bilateral deals — or even an exclusive South American free trade area — have for some begun to look increasingly attractive as the prospects for full hemispheric integration appear to grow dimmer.

The dangers of losing direction at this critical juncture cannot be overstated. Trade agreements are not static institutions. They are living, dynamic arrangements. Like bicycles, they thrive on momentum. The NAFTA has no choice but to move forward at this time — deepening its rules as well as broadening its membership — or risk slipping backward.

For Canada, this would mean living with an agreement that is essentially unfinished — and, by extension, living with a growing number of imperfect solutions to the frictions associated with closer economic integration. Any loss of momentum could also mean missing an historic opportunity to build bridges to the newly emerging economies of Latin America in a way that is both comprehensive and non-discriminatory. Perhaps most important, a loss of momentum could risk a fundamental change in the orientation of the NAFTA itself from an open, dynamic arrangement, to a more closed, inward-looking bloc.

Certainly it is no secret that the increasingly cautious approach of the United States towards NAFTA expansion is fuelled largely by protectionist forces — forces just barely kept at bay during the difficult passage of the NAFTA legislation through the U.S. Congress late last year. Unless we can ensure that the NAFTA door is kept open to Chile, Argentina, or other would-be partners, there is a very real risk that it will remain permanently closed.

Nor is NAFTA the only regional game in town. Brazil has already launched a proposal to use the new Mercosur common market as the cornerstone of a wider South American free trade area. As a means of breaking down barriers in the region, liberalizing trade, and drawing countries into an integrated economic space, Mercosur represents a bold and imaginative step forward, one which Canada encourages.

Nevertheless, it does not require a great deal of imagination to recognize that, faced with a closed NAFTA door, the countries of Mercosur would confront even greater pressure to carve out their own markets and to formalize their own distinct economic space, possibly by erecting exclusionary walls.

The danger then is that the dream of comprehensive hemispheric trade would give way to the *Realpolitik* of competing regional blocs — the "them-versus-us" mentality so antithetical to further trade liberalization and economic growth.

What we need at this point is an overarching trade and investment policy for the Americas — a larger, bolder vision that could serve to overshadow and ultimately overwhelm more parochial and divisive concerns. In short, we need a policy that reflects the openness, energy, and dynamism of our economies; that recognizes the creative synergy that can emerge from the marriage of developing and developed economies; that reaches out to all countries willing to commit to more intensive, more comprehensive rules-based trade.

The NAFTA can provide the foundation for such a policy. With the political will, the NAFTA could be the nucleus for a wider free trade association that could in time include countries throughout the Western Hemisphere and beyond. With the right commitment, it could emerge as a new kind of economic association, one defined not by geography, but by a collective commitment to deeper levels of free trade: the nucleus of a new global GATT-plus.

The underlying idea would not be to replace the existing multilateral system — still less to set up a discriminatory regional bloc — but to establish a coalition of countries willing to move further and more quickly toward the goal of trade and investment liberalization. A wider free trade association could also be one engine to drive the more cumbersome, but centrally important multilateral negotiating process that we all must encourage in the World Trade Organization.

The original justification for the Canada-U.S. Free Trade Agreement — and the subsequent trilateral agreement with Mexico — was really just that: to push forward in areas where our degree of economic integration called for a deeper, more comprehensive regime of rules than GATT itself could provide. In areas such as dispute settlement, investment, trade in services, and procurement, the NAFTA has already moved well beyond the kind of consensus that has been achieved in the larger and more slow-moving multilateral context. In other critical areas — such as trade remedy law — Canada is working hard to deepen the agreement.

Both Canada and Mexico have also signalled their desire to move quickly on NAFTA expansion in the Western Hemisphere. Although

it is critical to get Chilean accession right, there is no reason why, in time, all countries that agree to abide by the NAFTA rules should not be welcome. Nor is there any reason to limit this expansion to the Western Hemisphere.

The accession clause of the NAFTA does not speak of "Western Hemisphere countries", but simply of "countries or groups of countries." The acid test of membership should be a commitment to submit to the disciplines of the Agreement and a willingness to work together to push the trade and investment agenda forward.

For other countries in the hemisphere, the accession route offers entry into a dynamic, high-quality agreement that is already in place — no small advantage given the protectionist forces currently arrayed against additional trade liberalization in the United States.

Not without scars, Canada has run the gauntlet with U.S. negotiators twice in the last five years — and we are the United States' largest trading partner. One can only guess how a Chile or an Argentina, standing alone, would fare against an increasingly restive and protectionist U.S. Congress. Equally important, NAFTA could serve as a bridge among the increasingly complex web of free trade initiatives that have proliferated in the Western Hemisphere.

As for the three existing NAFTA partners, broadening the Agreement offers more than access to growing markets. It offers new partnerships and new alliances to tackle the hard trade issues of the future, and provides a more balanced negotiating framework in which to achieve these goals.

It also offers us a powerful tool in our dealings with the rest of the world by demonstrating that those countries unwilling to move toward greater liberalization risk being left behind in the wake of dynamic regionalism.

As such, the NAFTA has the potential to set in motion an external, competitive dynamic to reduce tariff and non-tariff barriers worldwide — the potential, that is, to kick-start a new round of global trade liberalization. For ultimately it is to the multilateral trading system in general — and to the newly created World Trade Organization in particular — that we must look for the long-term future of free trade.

Already the link between what we have done trilaterally and the broader multilateral trade agenda has been a direct one. For example, on the newly emerging issue of trade and environment, the discussions which have taken place in the GATT reflect our negotiating experience with the NAFTA side agreements.

As we define the ambitious agenda for the World Trade Organization, the NAFTA could again provide a crucible for forging a new consensus and for developing new approaches as we seek to expand the boundaries of the rules-based trading system.

But the process must start now. Canada, the United States and Mexico have laid the foundations for a new kind of economic order. We have eschewed the constraints of a customs union or a common market in favour of a much more open economic area — one whose inherent dynamic is to reduce barriers and to expand to others.

We have created an agreement that can move beyond "free trade" to address the need for closer economic co-operation.

And we share an intellectual commitment, not simply to freer markets, but to the ideals of openness, liberation, and freedom — North America's enduring contribution to the onward march of civilization.

For all of these reasons, we must set our collective sights on moving the NAFTA forward — on building a broader and deeper architecture. Trade agreements should not — and cannot — stand still. The European Union began life in the 1950s as a modest coal-and-steel accord between France and Germany. Today it is a supra-national federation of 12 nations, poised to expand yet again.

The Australia and New Zealand Closer Economic Relations Trade Agreement has been augmented six times since it was concluded in 1983, including the addition of a 1990 provision to eliminate antidumping action between the two countries.

Changes of this magnitude require vision and political will. In the NAFTA, there are certain mechanisms to help make this happen; some 25 NAFTA commissions, committees and working groups will deal with the nuts-and-bolts questions of enhancing our free trade area. Public interest has understandably focussed on the Labour and Environment commissions, but there are other groups which will meet regularly to address the more prosaic stuff of trade — rules of origin, standards for agriculture, telecommunications standards, labelling of textile and apparel goods, temporary entry for business people — and so forth.

By far the most important — and most far-reaching of these working groups are the two established recently at Canadian prompting to address the continued absence of common rules governing the application of trade remedy laws — laws which really have no economic rationale in a free trade area. We know that it will not be an easy task to agree on these issues; we also know that our success in this endeavour will signal whether

North America's common economic interest can transcend narrow domestic concerns.

Another area where the NAFTA — or a NAFTA-plus — can move forward is investment. Increasingly, servicing a foreign market means achieving a presence in that market — whether through joint ventures, strategic partnership or direct capital investment. Already we have seen a spectacular growth in cross-border investment within North America itself, and within the Western Hemisphere as a whole. In a world where trade is not just about what you make, but about how and where you make it, an advanced investment code should be one of the central rationales of a NAFTA.

Here, as elsewhere, Canada can take a leading role, even in the face of apparent U.S. uncertainty. We have a unique opportunity to push the hemispheric agenda forward, a unique opportunity to help chart the trade policy map of the next several years even decades. After all, the defining characteristic of Canada's foreign policy has been the commitment to international rule making and consensus building.

Canada's security and prosperity have always been inextricably linked to the health of international systems. Our enduring strategy for working toward shared goals and interests has consistently been to build a shared architecture of international rights and obligations. When the countries of the Western Hemisphere gather at the Summit of the Americas in Miami this December, Canada at least will have a clear message to deliver.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
INTERNATIONAL TRADE COMMITTEE OF THE
BOARD OF TRADE OF METROPOLITAN TORONTO



TORONTO, Ontario
September 26, 1994

Canada

It is a pleasure to be here today to exchange ideas about exporting with members of the Toronto Board of Trade's International Trade Committee. I would like to focus my remarks on small and medium-sized enterprises — or SMEs, as they are inevitably dubbed — and some current and forthcoming initiatives we are taking to support their efforts to become export-ready and then ultimately successful exporters.

Let me first commend the Board of Trade for launching last spring a series of International Trade Success Roundtables featuring corporations that have made a mark in the international marketplace.

No one city or region has a monopoly on entrepreneurial or exporting expertise and initiative in Canada, but the Toronto area certainly has its share.

I met some of the best of these business people at the Canada Expo '94 trade show my department organized in Mexico City last spring. The Canadian team at that show even included a Prime Minister who is deeply committed to fostering exports, and keenly aware of the potential of SMEs to do yet more than they already are doing to make global markets take notice of Canada.

The Prime Minister was certainly the most high-profile member of the Canadian contingent at Canada Expo '94. But it was representatives from 427 companies from across Canada — including many from Toronto — who were the real stars at the largest Canadian trade show ever staged in a foreign country.

The show attracted some 20 000 Mexican business people — and proved to be an excellent investment, generating projected sales of about \$100 million, based on contracts signed or in the works over the next year.

One of the big winners was a firm from the Toronto area, the Yogen Früz chain of yogurt franchises. It is satisfying to know there is a small Canadian flag perched on the counter of each of the 15 franchises Yogen Früz has opened in Mexico over the past year.

Another successful Toronto firm that comes to mind is Webb Zerafa Menkes Housden. It will soon be making Canada a part of the landscape in China, which I will be visiting along with the Prime Minister, several provincial premiers, and a large contingent of Canadian business leaders in November.

Webb Zerafa is designing the ultramodern Shanghai Securities Exchange Building. The Exchange will be an "intelligent" building, incorporating showcase craftsmanship and information technology.

These are companies that grasp the big picture. They are acting on a key insight, that new global trends, technologies and trade

agreements open doors abroad, through which Canadian SMEs can enter.

From the federal government's point of view, SMEs are a vital national resource, the fastest-growing component of the economy, the most knowledge-intensive, the most responsive to rapid change, and the largest creator of new jobs. During the 1980s, firms with fewer than 100 employees created over 2.3 million net new jobs, or 87 per cent of the total growth in employment. During this decade, they have the potential to perform even more impressively.

However, the job- and wealth-creating capabilities of this impressive national resource will not be fully utilized until SMEs become much more active exporters.

Canada is a trading nation, with about one third of our GDP [gross domestic product] derived from exports. But as it stands now, our exports rest on a foundation that is too narrow, with a relatively small number of firms accounting for the majority of our exports. We all have a stake in seeing SMEs export more.

In recent months, the federal government has been conducting a comprehensive review of programs aimed at small businesses. The goal is to create greater awareness of export opportunities and to enhance our marketing skills and abilities.

The larger challenge is to transform Canada from a nation dependent on trade into a true trading nation — with a much larger role being played by SMEs.

The job of meeting that challenge begins at home, for the foundations of competitiveness abroad are rooted in the domestic business environment — especially today, as the world economy becomes more open, and the distinctions between domestic and international markets are blurred.

Accordingly, Canada's international trade policy and market development programs are fully integrated into the federal government's comprehensive initiatives aimed at re-engineering the domestic business climate. The process is ongoing and accelerating.

To foster a more highly skilled and competitive work force, we must reform our human resource development policies. So in early October, my colleague the Minister of Human Resources Development will present the working documents to support that renewal.

Canada needs a skilled, educated, flexible work force to attract investment. No government can simply legislate that work force into existence. It will be created by people who believe in themselves and in their future. But first they need training and

skills development. So the social security system is being reviewed to find policies that will support a strong, competitive work force . . . a work force that includes every Canadian with the ability to work.

Another colleague, the Minister of Industry, has focussed on making government investment in science and technology a more effective, strategic industrial resource. One example is the Canadian Technology Network, which is designed to encourage firms and research establishments to develop and use the sort of leading-edge technology needed to compete in today's global marketplace.

Facing global competition has become the sine qua non of any serious business plan. And the best way to find out if your company is truly competitive is to tackle the export challenge.

The arithmetic is simple. In the global market for many niche products and services, Canada often accounts for only one per cent or so of global consumption. Companies that do not export are often ignoring literally 99 per cent of their potential customers.

The process of exporting successfully is somewhat more difficult. The vast majority have to take to exporting one step at a time, pausing at each step to seek advice and information about what lies ahead.

The owners or executives of SMEs that I meet emphasize that they are always in the market for information about market opportunities and how to exploit them.

My department is in the business of offering just that kind of guidance to exporters, particularly to the small and medium-sized companies that need our help most.

For example, the focus of our program of support to fairs and missions has shifted to SMEs. Then there are the programs to provide hands-on training to new exporters to the U.S. border states, Mexico and Europe.

WIN Exports, our electronic data bank of Canadian firms capable of taking on export challenges, as well as our market intelligence and information program, are also being enhanced to better meet the needs of small businesses seeking niche markets worldwide.

Backed by a range of specialized information and trade promotion programs and services, my department's trade commissioners operate in over 100 countries.

The Trade Commissioner Service has 100 years of experience in opening doors to foreign markets. It knows the ropes, and can help exporters deal with the challenges of complex foreign business environments.

The efforts of my department to assist exporters start right at the beginning — when the decision to export is first being examined by an entrepreneur.

To that end, my officials work closely with the Forum for International Trade Training. The FITT philosophy is that to compete successfully in world markets, a company that wants to export has to act like a long-distance runner who trains for a marathon. To help out, FITT provides a wide range of services which can be customized to the skill and experience levels of participants. This year the program is operating in 30 community colleges across Canada, with some 1000 students registered.

FITT is a major undertaking, patterned after the government-business training vehicles that have long been in operation in Germany and Japan. As such, FITT has received federal and provincial government funding along with the support of business associations including the Canadian Chamber of Commerce, the Canadian Exporters' Association and the Canadian Manufacturers' Association.

This represents a degree of co-operation never before seen in Canadian export circles, and a model that we as a government seek to expand upon by bringing in even more new players and partners to work with SMEs — in particular, banks and other financial institutions.

In that regard, I, along with my colleagues the Minister of Finance and the Minister of Industry, have been holding intense discussions with the banking community to find new ways in which we can collectively further the capacity of small business to export.

I am pleased to say we have achieved good progress. For example, a promising new concept is under development by the Export Development Corporation (EDC), in partnership with Canadian financial institutions. It involves increasing operating lines of credit for smaller exporters. This concept is being designed to provide them with more credit — from their local bank — for their short-term foreign sales.

A second initiative that the EDC is pursuing, as a result of our discussions with the banking community, will engage financial institutions more actively in medium-term lending. This framework should increase a financial institution's capacity to provide medium-term credits to the foreign buyers of Canadian goods and services. This will assist Canadian exporters by

providing another financing option, thereby increasing their ability to compete more effectively in the global marketplace.

I am confident that a more fruitful partnership between the Export Development Corporation and the banks will develop so that other new programs for the benefit of SMEs can be announced shortly.

Today, I am pleased to be able to announce that the Export Development Corporation and the Toronto-Dominion Bank have become partners in a financing program for the automotive parts sector.

This program provides improved access to working capital for smaller companies that are increasingly being required to finance the cost of the design and development of tools and moulds. Auto parts is an extremely important sector of the economy, with shipments totalling \$16.3 billion last year, of which 85 per cent were exports.

In the same vein, I am encouraged by a new program that my colleague the Minister of Public Works and Government Services will be announcing shortly. This initiative will greatly assist small and medium-sized exporters in obtaining pre-shipment financing through bank branch networks. The Progress Payment Program will work as a partnership between the banks and the Canadian Commercial Corporation, drawing on each other's expertise.

In addition to these initiatives, I am delighted to acknowledge the new training program announced by the Canadian Bankers' Association (CBA).

Over the next few months, the CBA will roll out a program of seminars for bank managers and their senior staff. It aims to renew bankers' focus on export markets, increase their awareness of the export process and expand their knowledge of government programs and services available to exporters.

The seminars will be delivered to bankers across the country by the Institute of Canadian Bankers, and will involve, at a minimum, bank regional executives and trade specialists, as well as representatives from the Export Development Corporation and the Department of Foreign Affairs and International Trade.

I am sure the seminars will make a significant contribution toward helping exporters get the information they need to be more competitive overseas.

We have also been working with the banks on new products to enhance the ability of exporters to access information. Together with bank trade specialists and other interested parties, we have developed a road map to exporting and export finance — a guide to

key contacts in the export process. Not only will the road map be available through the government's network, but a number of the banks will be distributing it through their systems as well.

To complement the road map, a series of fact sheets, entitled "Top Ten Export Programs," will be available in late October. ~~The road map and the "Top Ten" fact sheets are a step toward~~ ending the fragmented state of access to information on exporting services and export finance — a frequent source of frustration to exporters.

My department has also been developing the InfoCentre Bulletin Board, an electronic data bank of international market opportunities and export finance information that can be accessed from a personal computer by dialling in via modem. Exporters without access to personal computers and modems will be able to retrieve information from the InfoCentre Bulletin Board through local information providers such as libraries and International Trade Centres. This new, experimental service will be launched in October.

The initiatives that I have been describing are based on a co-operative approach of the kind we need to mobilize Canada's export potential, and in particular the potential of our small and medium-sized businesses.

Federal-provincial co-operation is an essential part of the formula. In that regard I want to congratulate the Ontario government for its announcement last week of a series of initiatives to support Ontario exporters.

This will involve the development of a comprehensive and co-operative approach between the Ontario and federal governments to ensure effective and efficient delivery of services to business. We are committed to this Trade Team Canada approach with Ontario and every other province. It is an approach that puts the real requirements of Canadian business at the forefront, at the least possible cost to taxpayers. It is an approach that I am sure you all support.

May I assure you that I and my Cabinet colleagues look forward to your continued input and co-operation as we continue to seek ways of working together in meeting the challenges and opportunities of an expanding world market.

Thank you.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE 49TH GENERAL ASSEMBLY
OF THE UNITED NATIONS

NEW YORK, New York
September 29, 1994



Canada

HIGHLIGHTS

Next year will mark the 50th anniversary of the United Nations. A number of recent events have put the UN's preventive and intervention mechanisms to the test.

Canada asks that the reforms of the UN system be augmented and accelerated. More than ever, the community of nations and states needs a strong, credible international institution equipped with the proper tools to face the challenges that await it at the dawn of the 21st century.

In the following speech, the Government of Canada puts forward the five main initiatives that must be undertaken to give back to the UN system all the vigour and flexibility that its creators intended and that are more than ever necessary:

- Strengthening the UN system's capacity for preventive action
- An in-depth review of the UN's economic and social activities
- Strengthening the UN's rapid intervention capability
- Improving the functioning of UN decision-making bodies
- Putting the UN on a sound financial footing

These initiatives aim not only at giving the United Nations the second wind it needs but also at reinforcing its credibility. The 50th anniversary next year must be more than a simple celebration, it must mark the start of a new era for the United Nations.

Mr. Chairman:

Canada is very pleased that you have been elected and is certain that you will tactfully and effectively assume responsibility for supervising our work. Mr. Chairman, you can count on our full co-operation.

Canada has always had a special place for the United Nations in its foreign policy. As I speak to you here for the first time as Minister of Foreign Affairs, I am reminded of something one of my illustrious predecessors, Lester B. Pearson, said about the United Nations. He said: "We must cultivate international ideals, develop international policies, strengthen international institutions, above all the United Nations, so that peace and progress can be made secure."

The government that I represent shares his broad and noble vision of the role and place of the UN. In order to face the challenges that await it at the dawn of the 21st century, more than ever, the international community needs a strong, credible multilateral institution equipped with the tools for fulfilling our expectations.

These challenges are peacekeeping and international security, as well as development, justice, democracy, human rights and the fight against inequalities. At a time when we are preparing to celebrate the 50th anniversary of the UN, there is no more urgent task than intensifying our efforts for reform in order to give our organization the second wind it needs. Let us draw inspiration from the vision and enthusiasm of the people who wrote the Charter of the United Nations 50 years ago.

Mr. Chairman, the extensive upheavals that have shaken our planet since the fall of the Berlin Wall and the end of the Cold War can be symbolized in a few images.

I am thinking of the moving image of President Nelson Mandela taking the oath of office as democratically elected president of South Africa and the historic handshake between Prime Minister Yitzhak Rabin and PLO [Palestine Liberation Organization] Leader Yasser Arafat.

For these people and those in Cambodia, El Salvador and perhaps Mozambique and Angola who have found the road to peace with the help of the United Nations, the future is filled with hope.

There is also hope in Haiti, where a courageous people has been subject for too long to oppression and misery. We will share their joy in finally welcoming to his native land President Aristide, a living symbol of nascent democracy.

But there are also unbearable images of the victims in the market in Sarajevo and the sea of humanity fleeing the killings in Rwanda.

The international community cannot remain indifferent to the conflicts that threaten the lives of millions of innocent people and expose them to the worst violations of their most fundamental rights.

Recent experience shows us that only a concerted and determined effort on the part of the international community can solve these problems.

It is no easy task. Faced with the problems in Bosnia, Somalia, Rwanda or even Haiti, some people are tempted to give up and wonder if the United Nations is wrong in trying to resolve essentially domestic conflicts that have numerous complex causes.

Canada does not share this opinion. We think that, despite these problems, the Security Council is on the right track, even though the steps it has taken have not always proved capable of solving all the problems.

Consistent with our beliefs, we have made a tangible contribution to the UN operations as far as our circumstances permit.

The Canadian contribution to peacekeeping operations in the territories of the former Yugoslavia totals more than 2000 soldiers and civilian police officers. The Canadian government decided a few days ago to again renew the mandate of its troops for a six-month period. Canada has always been convinced that there could be no military solution to the Yugoslavian conflict. It is because we wish to give peace another chance that we have chosen to maintain our contribution to UNPROFOR [UN Protection Force].

We have also responded to the Secretary-General's appeal for help in the tragedy of Rwanda. For two months our country was the only one providing an air bridge to Kigali. Presently there are 600 Canadian soldiers serving under the flag of the United Nations. Many Canadian NGOs [non-governmental organizations] have mobilized to provide help to those in distress.

We will also be at the scene in Haiti with 600 soldiers and 100 police officers when the time comes to deploy the UN peacekeeping force. Our participation is a logical sequel to our numerous efforts of the past three years to restore the democratic process in this country to which we are attached by language, geographical proximity and the many personal ties between our peoples. The Haitian people can count on Canada's lasting help as they go about rebuilding their economy.

We are also contributing to the Middle East peace process. We are tackling with determination the task entrusted to us by the international community as gavel of the multilateral Working Group on Refugees. Our objective is to contribute to the

construction of a renewed region where, 10 years hence, no one would consider himself or herself a refugee. We are providing substantial financial assistance to the Palestinian people's reconstruction projects. We would favourably consider the sending of peacekeepers if the need should arise, thereby perpetuating a lengthy tradition of Canadian participation in the region's peacekeeping operations.

Mr. Chairman, the economic and social problems facing the international community often receive less headline attention than the armed conflicts. However, they are every bit as urgent.

Hundreds of millions of people around the world continue to be destined for a life of poverty. For whole sectors of humanity, such basic needs as a proper diet, drinking water, education and medical care are more of a dream than a reality.

Certain parts of the developing world are currently experiencing remarkable advancement, while others, particularly the African continent, are sinking deeper into misery and despair.

It is estimated that there are an unprecedented 19 million refugees and displaced persons in the world. We are witnessing a massive movement of people that none of our societies is able to manage without the co-operation of the entire international community.

The recent Cairo conference revealed the urgent need for effective measures to cope with the problems of population and development, problems that cannot be resolved without giving full recognition to the essential role of women.

Our ability to translate into reality the concept of sustainable development will have a direct impact on the daily lives of our fellow citizens.

The fishermen of Newfoundland and the Maritime provinces of Canada are all too familiar with this problem: their livelihood has disappeared through the plundering of fish stocks in international waters off our shores. I would like an agreement to be reached without delay on fishing on the high seas. After all, it is not just a matter of the loss of a lifestyle in a region in my country, but also the loss of a non-renewable natural resource.

Mr. Chairman, we could easily add to the list of pressing problems that I have just mentioned. And no one can challenge the fact that all of these problems — from peacekeeping to development, including the fight against AIDS, drug trafficking, the protection of human rights and the environment — require a determined, co-ordinated effort on the part of the international community.

A great deal has been done over the past few years to help our multilateral institutions to effectively face these numerous challenges. However, we must admit that our institutions are still far from being ready.

Too often, the intervention of the United Nations comes too late, is too slow and is carried out under inadequate conditions.

The lack of political will on the part of the member states cannot be blamed on the Secretary-General. On the contrary, I would like to pay special tribute to the Secretary-General and his assistants, especially the new High Commissioner for Human Rights. They have done more and better than one is entitled to expect from a private institution with the most elementary resources, lacking even a solid financial foundation.

We must fully assume our responsibilities and give the UN the tools required to successfully fulfil its unique mandate. However, it seems that we are unable to collectively take a second look at the habits of the past.

We invest too much energy in activities of marginal use and in unimportant quarrels when there is an emergency right under our noses.

We waste valuable resources by allowing all sorts of institutions and agencies created over the years to jealously protect their independence and resist changes when the circumstances require a pooling of energies.

As a result of our extreme reticence to implement administrative reforms, we are handicapping the only institution on which we can depend when modern and flexible management methods would enable us to respond much more effectively to the needs of the hour.

Mr. Chairman, Canada asks that the reforms of the UN system be augmented and accelerated. We must do more and better with the resources at our disposal.

Efforts should be concentrated on the following five major priorities.

Firstly, we must strengthen the UN system's capacity for preventive action.

The UN already has a number of tools for detecting power struggles, and can use a variety of mechanisms to try to eliminate problems before crises break out. We are not at a loss for information, rather we need the ability to analyse, develop appropriate strategies and above all mobilize energy from all components of the system.

To act rapidly, the UN must be able to count on qualified human resources, available on short notice, to complement its own personnel. This is why Canada has prepared for the Secretary-General an inventory of resource persons suited to missions of good offices or specializing in elections, human rights, the administration of justice and other such fields.

At the first Summit in January 1992, the Security Council recognized that "non-military sources of instability in the economic, social, humanitarian and ecological fields have become threats to international peace and security." Let us recognize once and for all the need to expand the traditional concept of security, and mobilize all the components of the UN system in order to attack conflict at its very roots.

We also feel that the preventive capacity of the UN system would be strengthened if we better employed the expertise of those who have direct knowledge of the field. ECOSOC [Economic and Social Council of the United Nations] should periodically hold public hearings, similar to those held last June on the Development Agenda, with a view to assisting the UN system to better anticipate problems and develop strategies for attacking the economic and social causes of conflicts. The findings of its hearings could be provided to the Security Council and the Secretary-General so they can develop appropriate preventive measures.

Any strategy for preventing armed conflicts also involves pursuing tangible disarmament objectives. Canada has established two priority objectives for the next few years: nuclear non-proliferation and the control of conventional arms.

Nuclear arms control and disarmament is happening: we are continuing negotiations on a Comprehensive Test Ban Treaty to ban nuclear testing for all time. Canada is working in the Conference on Disarmament to secure a mandate for negotiations on a convention to prohibit the production of fissile material for weapons purposes. Together, these treaties will have the effect of constraining and preventing a future nuclear arms race.

In 1995 we will have to decide the fate of the world's nuclear non-proliferation regime — the Nuclear Non-Proliferation Treaty (NPT). For Canada, there is only one option: the NPT must be indefinitely extended. I urge all governments to support this option, which will allow for the continuation of a crucial instrument to prevent the spread of nuclear weapons technology and provide new impetus to reduce existing stocks.

We must also recognize that, although the threat of nuclear weapons is of prime concern, the ongoing use of conventional weapons is an equally dangerous and very real threat to peace and security.

The task of controlling conventional weapons is the responsibility of every government. Huge sums are being spent each year purchasing such weapons, often to the detriment of services essential to the public, such as education and health care. Those who are more concerned about the size of their military arsenal than about the welfare of their people cannot expect to receive international aid without conditions.

The recently established UN Conventional Arms Registry is a start, and I urge member states to make information available to the registry as Canada has done.

More can be done, however. For example, next year we will be reviewing the Convention on Certain Conventional Weapons that deals with land mines. The abuse of land mines is responsible for continued suffering and death by civilians long after the fighting has stopped. We must strengthen the convention by extending its scope to cover internal as well as international conflicts and insisting on effective verification measures to ensure compliance. I have instructed my officials to create a task force to consider other initiatives that might be taken in the coming months and look forward to sharing ideas with ministers.

Secondly, we must conduct an in-depth review of the UN's economic and social activities.

I think I speak for most members of this Assembly when I express serious concerns regarding what can best be described as the aimlessness of the United Nations system when dealing with economic and social issues. While the debate on the UN's mandate in the area of peace and security is lively and productive, it is vague and directionless when we tackle economic and social problems.

We do not say that everything must be changed — far from it. Certain reforms have already been introduced, including one in particular that we welcome: the decision to make the UNDP [UN Development Program] administrator responsible for system-wide co-ordination. But at a time when large sectors of international economic activity are beyond the control of states, and when the resources devoted to development and international co-operation are subject to all manner of constraints in all of our countries, we must rethink the role and mandate of all our multilateral institutions, including those of Bretton Woods. These questions will be taken up at next year's Group of Seven summit, to be held in Halifax, and should be debated as widely as possible at every level concerned. Canada is ready to proceed with a comprehensive re-evaluation of its multilateral system as it applies to economic and social issues. If necessary, the relevance of certain institutions must be rethought and a real solution must be found to the problem of duplication.

Mr. Secretary-General, we expect great things of the next chapter of your Agenda for Development. We share to a great extent your vision of development, which encompasses all facets of human activity and in particular its social dimensions. Although the full importance of these dimensions has finally been grasped, they are still poorly integrated in our development strategies. The time has come to translate this vision into new operational priorities and to adapt our institutions and structures.

Mr. Secretary-General, do not hesitate to recommend radical reforms if necessary. Together, we can restore the relevance and leadership of the United Nations system. We must adapt it to the new realities of an ever-changing, developing world.

Thirdly, we must strengthen the UN's rapid intervention capability.

The implementation of a number of the proposals advanced by the Secretary-General in his Agenda for Peace has enabled the UN to make great strides in the area of peacekeeping. In the spring, my government took the initiative of inviting the major troop-contributing countries to a meeting in Ottawa to discuss problems associated with political direction, command and control and the training of peacekeeping operations personnel.

In this regard, I am pleased to announce that Canada will soon open a centre for peacekeeping research and training. The centre, to be located on the site of the former military base in Cornwallis, Nova Scotia, will be named after Lester B. Pearson, Canadian recipient of the Nobel Peace Prize. I invite member states to come join us to share our experiences and fine-tune our future approaches.

The experience of the last few years leads us to believe that we need to explore even more innovative options than those considered to date. Recent peacekeeping missions have shown that the traditional approach no longer applies. As we have seen in Rwanda, rapid deployment of intervention forces is essential.

In light of the situation, the Government of Canada has decided to conduct an in-depth review of the short-, medium- and long-term options available to us to strengthen the UN's rapid response capability in times of crisis. Among these options, we feel that the time has come to study the possibility, over the long term, of creating a permanent UN military force. We will ask the world's leading experts for their input and will inform all member states of the results of the study.

Fourthly, we must improve the functioning of UN decision-making organs.

The Security Council is currently faced with enormous responsibilities. Its decisions are binding on all member states and have a determining impact on millions of people.

It is essential that the Council reflect as accurately as possible the wishes of the entire international community. Accordingly, it is imperative that we review the makeup of the Council. By making the Council more representative of the world as it is today, we can enhance the legitimacy of its actions and facilitate their implementation. Canada will continue to play an active role in the negotiations launched during the last General Assembly with a view to concluding an agreement as soon as possible.

However, an expanded Council must not be seen as a panacea. As we have said on a number of occasions, the Council must make its work methods more transparent and become more receptive to the viewpoints and special concerns of non-member states. More specifically, Canada has called for a closer dialogue between the Council and troop-contributing countries. The informal practices that have been developed in recent years are a good start, but we must look for practical ways to institutionalize them. We ask the members of the Council to keep an open mind in this regard.

Fifthly, we must put the UN on a sound financial footing.

It goes without saying that the UN can fulfil the mandates we have given it only insofar as its member states fulfil their financial obligations and contribute generously to its voluntary funds.

The amounts in question are no doubt modest when compared with monies invested elsewhere, but nevertheless represent a significant burden that is growing larger at a time when many of our countries, Canada most definitely included, are undergoing a difficult period of budgetary adjustment.

Our taxpayers do not question the need to contribute to the UN, but quite rightly expect that their contributions will be spent judiciously.

That is why the need for sound management of the system's resources takes on such importance in our eyes. The recent creation of the position of inspector general should help tighten controls and improve administrative practices. There is also a need to review budgetary procedures in order to make them more transparent and to simplify those dealing with peacekeeping operations.

Reviewing the scale of assessments is always a perilous undertaking, but the need to do so has become urgent. The current system has serious distortions and no longer adequately

reflects our member states' ability to pay. We hope that the current General Assembly will make this issue one of its priorities.

Mr. Chairman, in the final analysis, the future of the United Nations depends on the willingness of its member states to lend it political and practical support. This support depends in turn on the support the organization receives from our citizenries. It is not only our credibility that is on the line but, more important, that of the UN.

Governments must work together and hand in hand with the private and non-governmental sectors to spell out together our vision of the UN in the next century. This is in part why the Canadian government has provided support to the Canadian Committee for the 50th Anniversary of the UN.

Our committee, which brings together leaders from all sectors, has prepared a remarkable activity program to commemorate this anniversary country-wide. The emphasis is being placed on youth education and on the main themes on the UN agenda.

All eyes will be turned toward this Assembly at the same time next year. Let us make this anniversary the beginning of a new era for the United Nations.

Thank you.



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STATEMENT

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
TRADE COMMISSIONER SERVICE
CENTENARY CONFERENCE



TORONTO, Ontario
October 3, 1994

Canada

I am grateful to the International Trade Advisory Committee, and in particular to the chairman, Marshall Cohen, for this plaque, recognizing 100 years of service from the Trade Commissioner Service. I accept it on behalf of the hundreds of women and men, Canada-based and locally engaged, officers and support staff, who throughout the world, have given a true meaning to "public service" by devoting their energies and talent to the service of Canadian business people. Such an honour is all the more meaningful coming from those they serve.

Welcome all to this conference celebrating the centenary of the Trade Commissioner Service, a service that has been recognized by Canadians and by our competitors alike as one of the best official trade representation services in the world. The Service has been a critical component of the federal government's overall international business development strategy.

I am sure that my predecessors in this portfolio, and particularly those who are here today, would agree with me that the Trade Commissioner Service should not be considered as just another government program, but rather as a sound investment in Canada's prosperity.

Early next year, I plan to visit Australia where, in 1894, John Larke was appointed as Canada's first trade commissioner. While his world was so completely different from ours, John Larke did work that was remarkably similar to what trade commissioners do today. He collected commercial information, he promoted Canadian companies interested in trade with Australia. He provided advice on transportation and customs matters, and he stimulated trade in a wide range of Canadian goods, including textiles, carriage wheels and cereals.

Today, the 600 Canadians and 350 locally engaged trade officers working in 140 offices in Canada and around the world are still offering that kind of advice. Now, however, they promote exports of a much wider range of products and services. These include microchips, telecommunications equipment, financial and legal services, and information technology, to name just a few of the high-tech, value-added industries in which Canadian companies are world leaders.

Today's trade commissioners must also contend with a new range of issues that Larke could not even imagine. Quotas, subsidies, instant global communications, bilateral and international trade agreements, and falling tariff barriers coupled with expanding non-tariff barriers, are just some of the words that characterize the contemporary international trade landscape.

Today's trade commissioners are also engaged in more than traditional trade promotion activities. More and more, they are called to identify foreign partners for Canadian firms, to promote direct foreign investment in Canada, to promote tourism to Canada and to identify foreign technologies of interest to Canadian firms.

Our Trade Commissioner Service has been playing a major role in Canada's performance on international markets. John Larke was the first of the many trade commissioners who have been contributing significantly to the well-being of Canadians.

As we consider the future of the Service, we must ensure that it provides the support that business people need in a world that has become overwhelmingly complex. Indeed, that is what this conference is all about — to listen to what the business community has to say regarding the need for the Service to change to better address your requirements.

Over the last months, I have also been listening to what our clients have had to say through meetings I have held with small- and medium-sized enterprises across Canada, through a series of consultations with our Centres of International Business Studies, through the formalized consultative processes of the International Trade Advisory Committee (ITAC) and the Sectoral Advisory Groups on International Trade (SAGITs), as well as a number of other venues.

The message that I have heard has been consistent and clear: do less, but do what you already do, better. I am being told that there are too many programs, run by too many players, and that you want more market intelligence — on a timely basis. You are also asking us to be more responsive to the needs of small- and medium-sized enterprises.

As a result of these consultations, I have already taken some preliminary steps that fall into three broad areas.

First, we are undertaking a number of improvements to the way we collect and disseminate market intelligence and market information. We have put into place an electronic Bulletin Board Service that allows exporters access to the latest international market information via a personal computer and a modem. We are also developing a Market Intelligence Messaging System for broadcast faxing of trade opportunities.

A second set of measures relates to providing greater cohesion and focus to the support role played by governments. There is a need for better co-ordination of international business development activity, among both federal departments and the provinces.

Accordingly, this year's International Trade Business Plan will include the input and international business activities of all provinces, as well as 18 federal departments and agencies that are already part of the process.

In addition, in conjunction with the provinces, Industry Canada and a number of federal agencies, we are undertaking a new initiative called "Trade Team Canada." We are looking to optimize services to clients by co-ordinating the delivery of international business development activities among various levels of government. We intend to move ahead promptly by setting up pilot projects in co-operation with those provinces that have already shown an interest in the idea.

The third broad set of initiatives we are undertaking is in the area of support for small- and medium-sized enterprises. From the federal government's point of view, SMEs are a vital national resource, the fastest growing component of the economy, the most knowledge-intensive, the most responsive to rapid change, and the largest creator of new jobs. However, SMEs need to become much more involved in international business if we are to increase our presence in new markets.

To that end, we are increasing our focus and adapting our programs toward the needs of SMEs. We are also developing new products. For instance, a promising new concept is under development by the Export Development Corporation, in partnership with Canadian financial institutions. It involves increased operating lines of credit for smaller exporters. This concept is being designed to provide them with more credit — from their local bank — for their short-term foreign sales.

As Minister for International Trade, I am conscious that we must balance domestic initiatives with new projects to help Canadian exporters in emerging markets. As such, I'm very pleased to announce today an undertaking with this goal in mind. It's located in Mexico City. It is called the Canadian Business Centre. I have no doubt that those of you who have an eye for emerging business opportunities in Mexico will want to take full advantage of it. Let me tell you about this initiative.

The Canadian Business Centre in Mexico City is designed to be a "home away from home" for Canadians doing business in Mexico. It will help you make the right impression with business partners in a key market. It has fully equipped temporary offices, corporate meeting and conference rooms, and up to 30 individual booth spaces for trade shows and other exhibitions. The services of the Business Centre are available at competitive rates, and cover everything from telephone, fax and computer support to secretarial, clerical and even translation and interpretation services.

We know that Canadian business is looking to government to take a leadership role in trade development efforts in Mexico. Certainly the business community itself is getting on with the job. Exports to Mexico increased by more than one third through the first seven months of this year, and there have been more than 7000 Canadian commercial inquiries to our Embassy and consulates in Mexico.

With this sort of enthusiasm in the Mexican market, I have no doubt that the Business Centre will help individual Canadian companies

develop their business interests in Mexico. I should also point out that this is a pilot project, which, if successful, could be replicated in other key markets.

I would like to invite you personally to visit the Business Centre and see for yourself how this new facility can make a difference for you in Mexico.

We all know how important international trade is to this country. Canada ranks 37th in population, but 8th in the world as a trading power. However, our export base remains too narrow. More companies should and could engage in international markets, do it more aggressively and with yet more success. Small- and medium-sized enterprises, in particular, must adopt a determined trading mentality and a strong outward orientation.

With this in mind, our government undertook to conduct a thorough review of the Trade Commissioner Service and implement necessary changes to ensure that we are giving businesses the support they need, that we are being as effective as possible in helping them abroad, and that we are using our limited resources in the best way possible.

To that end, I look forward to receiving your recommendations today, as well as the recommendations of the Parliamentary Committee on Foreign Policy Review, which is expected to table its report in approximately one month.

Over the summer, I also asked "Red" Wilson, a former Trade Commissioner and currently Chairman of Bell Canada Enterprises, to put together a group of business people and undertake what we have called the International Business Development Review (IBDR). I asked them to examine whether the government's international business development approach meets business needs, and how it might be changed to reflect current world market conditions. I also asked them to suggest how we could deliver programs and services more efficiently and effectively, keeping in mind budgetary constraints.

The IBDR Committee has now completed its work, and submitted its report to me last Friday. I had thought that this conference would be the most appropriate venue to release this report, and I am therefore pleased to make copies available for those who are interested.

Although I shall have to examine the report in greater detail, consider some of its implications and consult with Cabinet colleagues, I was most interested in the general direction of the recommendations.

The Committee's recommendations centre on five main areas:

- the government's international business development focus and structure;
- international business development programs and services;
- export financing;
- aid and trade;
- and, last but not least, the Trade Commissioner Service.

More specifically, the Committee recommends that:

- all federal and provincial activities relating to international business promotion be better co-ordinated;
- the government select, for special attention, high-technology sectors and geographical markets with major export potential for their products and services;
- companies be "filtered in" for export assistance in order to improve service to "export ready" companies;
- the Canadian Commercial Corporation report directly to the Minister for International Trade;
- the international business operations and personnel at headquarters be streamlined while preserving the services overseas;
- the Program for Export Market Development and the Trade Fairs program be restricted to small- and medium-sized companies;
- private-sector participation in all government-organized outgoing trade missions be self-financed;
- international trade program funding within the Department of Foreign Affairs and International Trade be consolidated;
- some Canada Account concessional funds be replaced by an increase in the Canada Account non-concessional facility;
- a portion of our official development assistance budget be used to fund Canada Account concessional financing;
- a stronger link be established between aid and trade by, for example, transferring the responsibility for the CIDA Inc. program to the Minister for International Trade, improving program criteria and taking steps to ensure an increased level of follow-up work for Canadian manufacturers; and

- the Trade Commissioner Service strengthen its ability to respond to rapid changes in the international environment, notably by providing more training to officers in priority areas, by increasing the number of short-term executive exchanges with the private sector and International Financial Institutions, and by lengthening the duration of postings.

Based on the Committee's calculations, the implementation of the report's 20 recommendations would result in substantial savings within the Department of Foreign Affairs and International Trade and for the government as a whole.

Overall, the Committee's message is clear: sharpen the focus of programs, streamline operations, and better co-ordinate activities among federal and provincial departments and agencies.

The consultative process that produced the IBDR reflects the government's ongoing commitment to client-driven service. I thank the Committee members for their time and effort in preparing a timely and challenging report. These recommendations will be looked at closely, together with recommendations of the current Foreign Policy Review.

I shall put into place concrete measures to prepare the Trade Commissioner Service for the next century. Given the severe fiscal constraints in government, some difficult choices will have to be made. However, I would like to emphasize that the resource cuts outlined in the report are secondary to the goal of improving our effectiveness in delivering our programs and in being more responsive to private-sector needs.

I urge you to continue your discussions this afternoon on the important questions that are facing the future of the Trade Commissioner Service. Your views are important to me.

It is appropriate that we consider such important questions during the 100th anniversary of the Service. But we cannot and should not, serve business needs in isolation. This is and must remain an interactive process.

We are making a conscious effort to consult extensively with our clients. But we need to hear from you more often. I invite you to think about some of the initiatives we are undertaking and about the recommendations in the International Business Development Review, and give us your views.

Let us know also if our efforts are paying off. And, let us know when things are going well. The women and men of the Trade Commissioner Service who serve Canadian companies around the world are dedicated professionals who deserve our recognition.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE MEETING OF APEC TRADE MINISTERS



JAKARTA, Indonesia
October 6, 1994

Canada

Mr. Chairman, honourable ministers and distinguished delegates:

Let me start by thanking you, Mr. Chairman, your President and the Government of Indonesia for inviting us here today and offering such warm hospitality.

Marrakech in April, Jakarta this month and again next month, and Geneva in December, are all significant milestones on our sometimes uneven road to improved global and regional trading systems and thereby to higher incomes and sustainable development.

APEC [Asia-Pacific Economic Co-operation forum] trade ministers meeting here today, and again in November, will show the world that the region is taking a leading role in building the global economy. We are ready to challenge both ourselves and others around the world to move quickly to further liberalize trade and investment.

Mr. Chairman, we are coming together first to reflect on the historic achievement of the largest trade deal — that the world has ever seen.

We are also here to ensure that both the world and our region are not kept waiting for the many benefits of our hard-won agreement. We all must get on with early implementation of the Uruguay Round, so that we can meet the January 1st target that we set for ourselves in Marrakech.

More importantly, Mr. Chairman, we are here to seek consensus amongst ourselves to say to the world that once the process of ratification of the Uruguay Round is behind us, we are willing to push forward with the further opening of our markets, both worldwide and in our region.

Mr. Chairman, we in the Asia-Pacific region have much to celebrate. Completion of the Uruguay Round has strengthened the open, rules-based system that remains fundamental to further economic growth in our region. The Uruguay Round results will create a positive environment in which the developing economies of APEC can continue to make the transition toward yet higher incomes. At the same time, the strengthened trading system will allow APEC developed economies, including my own, to achieve further employment and income growth.

Later today, Mr. McMullan will lead off our discussion on further trade liberalization. However, I want to say now that completion of the Uruguay Round lays a strong foundation for additional liberalization efforts by APEC itself in ways that can support the multilateral trading system. The completion of the Uruguay Round also provides a more favourable environment for other open regional arrangements, both within APEC and elsewhere, to contribute positively to freer trade and investment worldwide. This conforms to the principle of open regionalism that APEC has adopted from its inception; it is the principle upon which APEC must proceed in the future.

In terms of more specific gains for the Asia-Pacific region arising from the successful conclusion of the Round, several are particularly noteworthy:

- The GATT [General Agreement on Tariffs and Trade] Secretariat estimates that global income will be US\$500 billion higher in 2005 than it would have been without the Uruguay Round. By the same token, APEC-region exports should be at least 8 to 15 per cent higher in 2005.

We all must be careful about the potential pitfalls of statistics. In fact, Peter Sutherland suspects that even these numbers may under-estimate the impetus to growth, innovation, and investment that will result from the Uruguay Agreement. Economists without exception have underlined the substantial potential benefits for all members of the trading system, including both developed and developing APEC economies — the most dynamic entities in the entire GATT system — now accounting for almost half of world merchandise trade.

- Access to markets for industrial products will be improved appreciably, with most tariffs being cut by at least one third. Deeper cuts, including zero tariffs in some ten sectors agreed to mutually by Canada, Japan, the United States and the European Union, will also occur. The impact of tariff escalation will be reduced as well. For example, the gaps between tariffs on finished products and raw materials will fall by as much as two thirds for products of importance to many APEC economies such as wood, rubber and tin.
- Textiles and clothing, of key interest to a number of APEC economies, are finally being integrated into the GATT/WTO [World Trade Organization] disciplines, with the Multi-Fibre Agreement being phased out.
- Agricultural tariffs will be cut by one third with domestic support measures to be reduced by 20 per cent and export subsidies by 36 per cent in terms of budgetary expenditures over a six-year period. This represents a significant gain for all APEC members who are agricultural exporters. More generally, the agricultural reforms will contribute to improved efficiency in all of our economies, and will provide a good start for future disciplines, particularly on agricultural export subsidies.
- The agreement on services will bring trade and investment worth some \$2 trillion annually within the framework of multilateral disciplines, leading to continuing liberalization in these sectors. Multilateral rules on intellectual property will provide a stronger basis for the transfer of technology in the Asia-Pacific region, while separate agreements in areas as diverse as rules of origin, import licensing and pre-shipment

inspection will improve conditions for all international traders.

- Importantly for Canada, and I know for many others in the region, the Uruguay Round Agreement also strengthens trade remedy rules. The Uruguay Round has defined the concept of subsidy for the first time in a multilateral trade agreement. Further, it sets out criteria exempting certain subsidies — for regional development, research and development, and the environment — from countervailing measures. And all of us will benefit from the strengthening of multilateral disciplines on subsidies that can have such adverse effects on other countries' interests. The Agreement outlaws the use of grey area measures and controls the use of safeguard protection. Although the Agreement does contain some improvements with respect to anti-dumping measures, we shall have to go much farther to ensure that such measures are not used as an instrument for continuing protectionism. This clearly is an area where much work awaits us all.
- The Agreement effectively precludes unilateral measures in responding to trade disputes. The new dispute-settlement system — one with clear rules, tighter deadlines, and appeal process and binding effect — is one of the most welcome reforms.
- Without a doubt, the crowning achievement of the Uruguay Round is the creation of the World Trade Organization. Such an organization is indispensable in overseeing the operation of the "single undertaking" that we have all accepted. It will also provide for greater political surveillance of the system by trade ministers in coming years.

Nevertheless, Mr. Chairman, in spite of all of the efforts of the past seven and a half years, including in Seattle last November, we face even greater challenges ahead. Clearly we all must act quickly to ensure that the World Trade Organization can be implemented fully, a subject that Mr. Kim will be speaking about later. Let me just say here that Canada is committed to ratification by the end of the year, beginning with introduction of the necessary legislation later this month.

But even with full implementation of the Uruguay Round, our work will have really just begun. We have important accession negotiations to complete. We look forward to the early accession of China and Chinese Taipei, if possible, by January 1st. And we must begin now to move the reformed trading system forward to take us all into the 21st century.

For there are clearly new realities in the economic and political relationships emerging among nations. The trading system no longer operates as the domain of a powerful few. As the Uruguay Round

negotiations unfolded, we witnessed an evolution in the roles of key players. Most importantly, developing countries both in APEC and from elsewhere, as well as "economies in transition," demanded, and won, an equal place at the table. They insisted that their needs be addressed. Equally, they showed a willingness to assume a greater share of the responsibilities.

No one can predict all of the implications of the changes that we have seen or expect to see. But of one thing I am certain. The system is taking on new meaning. Increasingly, what is the same among us is becoming more important, and more compelling, than what is different. Developed and developing alike, we are economies that increasingly share many of the same goals. We all aspire to improved standards of living on an environmentally sustainable basis. And we all seek the same opportunities to pursue those aspirations, including through more secure access to world markets. We may differ in size and level of development but, more than ever, we are equal in our right to demand those opportunities.

This leads to two inescapable conclusions about the global trading system. First, we must give the principles of fairness and mutual advantage new meaning. As our interests and aspirations increasingly converge, co-operation will be the only way to proceed. Second, we must work harder to leave unilateralism and protectionism behind once and for all. Never before has the "beggar-thy-neighbour" approach been more bankrupt; never before has using economic might unilaterally to prevail over those who are smaller or weaker been more unacceptable to the international community. Our new global trading arrangements give us a unique opportunity to steer away from these old ways and to move in a new direction — the right way.

In delivering such opportunities, the World Trade Organization will be the key instrument for all of us. But it cannot shoulder all of the problems, even though it may be called upon over time to tackle emerging trade policy issues, including such matters as the relationship of international trade and the environment, competition policy, investment and labour standards.

What we must ask ourselves here is how we can best work within the reformed multilateral system to achieve an open, forward-looking APEC trade and investment policy — a broader vision that can counter parochial and divisive concerns and maintain the momentum towards more open markets. We need to ask ourselves whether we in APEC can move forward in ways that will reflect the dynamism of our economies; that will recognize the creative openness that can emerge from the synergy of developing and developed APEC economies; that will reach out to all countries willing to commit to more intensive, more comprehensive rules-based trade. Are we in APEC truly a coalition of countries willing to move more quickly toward a common goal of free trade and investment in the region, thereby creating an engine that will help to drive the global system?

I know that asking these questions at the present time is difficult. Ministers Kim and Hashimoto in Ottawa last month reminded me of how sensitive the question of completing domestic legislative procedures to implement the Uruguay Round is in their countries — and we all have seen the challenges in the United States. But I hope that by the time we, and subsequently our leaders, meet next month, we shall be able to look more clearly and confidently ahead. The world expects no less from us.

I shall be interested to hear your views on these matters, and those of your colleagues and your leaders over the next month or so. We certainly have some good outside advice. Both the Eminent Persons' Group and the Pacific Business Forum offer a clear, concise vision of additional trade and investment liberalization in the region consistent with, and pursued in parallel with, multilateral actions. The timetables suggested by these two groups may differ, but not the goal. Both groups also look to the early adoption of a legally-enforceable and binding Asia-Pacific investment agreement, an APEC dispute avoidance or mediation mechanism, and further work within APEC to improve trade and investment facilitation.

For our part, once we see the implementation procedures completed in APEC member economies, Canada will be willing to proceed further. For we know that the achievements of the Uruguay Round, as significant as they were, were generally smaller than the ambitious program envisaged at Punta del Este almost a decade ago. Much remains to be done to resolve some key problems such as the proliferation of anti-dumping abuses, limited services liberalization to date, remaining tariffs, and obstacles to investment.

We would like to begin to move in several directions:

- First, consider accelerating the implementation of the tariff cuts agreed to in the Uruguay Round and exploring further MFN [most favoured nation] tariff cuts in other sectors while ensuring that there is no back-sliding in the application of rates presently applied in our respective economies. There might well be possibilities of further sectoral tariff harmonization or of new zero-for-zero initiatives in a range of products or sectors of interest. At the same time, we shall want to work together to build on the GATS [General Agreement on Trade in Services] outcome to maximize liberalization in services — particularly in financial services.
- Second, consider pursuing, in the short term, the elimination of export subsidies on agricultural trade in APEC and, in the longer term, a prohibition of all export subsidies in agricultural trade. Significant progress was made in the Uruguay Round. For the first time, export subsidies in agricultural trade are defined, and governments are committed to reductions in both their volume and value. However, the

Round did not produce a prohibition on agricultural export subsidies comparable to that which exists for non-agricultural products, nor does it prohibit the targeting of specific markets.

- Third, consider how we in APEC can remain at the forefront of investment liberalization, moving from a declaration of non-binding principles to an agreed set of rules with appropriate dispute settlement provisions. More effort is needed to facilitate international private investment — a major source of growth in this region — and to reduce uncertainties and transaction costs of investment and investment-related trade. We should agree upon an immediate standstill on all measures that hinder investment flows between all APEC member economies while we work on a code. The code should be ambitious and reflect international best practice. This dynamic region need settle for no less.
- Finally, we should advance energetically on standards and conformance activity. Since our region contains many of the world's leading high technology corporations, we might want to take up one or two sectors such as telecommunications and housing standards and initiate a reduction of the negative trade and investment effects of differing standards and conformance measures within the region. In doing this, we could also increase the potential for promoting market-driven interdependence based on standards and conformity assessment requirements that are closely aligned with international practice.

But all this lies ahead.

Mr. Chairman, in the Uruguay Round we now have a major world-wide trade agreement upon which we in the APEC region can build. On that basis, we have a unique opportunity to push forward our regional trade as well — a unique opportunity to help chart global trade policy over the next several years, even decades. I would suggest that in this forum we clearly and unequivocally support the goal — the vision — of free trade in this region, making good use of the Eminent Persons' Group report and that of the Pacific Business Forum.

If I might conclude with a few words about Canada: Our security and prosperity have always been inextricably linked to the health of international systems. Our enduring strategy for working toward shared goals and interests with our friends in the region and world-wide has been, and will continue to be, to build a shared architecture of international rights and obligations in the interests of all.

Thank you.

94/59

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO A LUNCHEON CO-HOSTED BY
THE JOINT BUSINESS COUNCIL OF INDIA
AND THE INDO-CANADIAN BUSINESS CLUB



NEW DELHI, India
October 10, 1994

Thank you for your kind introduction. I'd like first to acknowledge the contribution to this event of the Canada-India Business Council, the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce and Industry of India, and, of course, the Indo-Canadian Business Club, which I gather has just recently received its charter. They have gone beyond their always welcome support for Indo-Canadian business arrangements to afford me this opportunity to talk to you today. Their efforts are greatly appreciated.

I am delighted to be back in India. My wife and I have had numerous opportunities to travel in this beautiful and diverse country, and have developed a love of its culture and deep respect for its sturdy institutions. We admire also India's legendary resilience in the face of many storms and scourges, and have confidence in its future.

Let me open these remarks with what may seem a statement of the obvious, given the size and diversity of the Canadian delegation here: Canada is interested in India, always has been; but now, Canada is recognizing India as a valued partner for trade and investment.

Over the last half century, we have shared an enormous range of traditions and values: from our common roots in the British parliamentary tradition through active support for and participation in the Commonwealth and in the UN, and most recently, as like-minded signatories to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. As your External Affairs Minister, Dinesh Singh, has noted, "We see eye to eye on many international issues. We are both multi-racial, multi-religious societies committed to the principles of democracy, secularism and political pluralism."

This commonality has led Canada and India to act in partnership on a host of issues. From 1954 to 1973, we worked together on International Peace Commissions in Indochina, where I myself, as a young foreign service officer, had the honour to serve. And, through the Commonwealth, we were leaders in the international effort to bring multi-racial democracy to South Africa.

We have collaborated closely in the Uruguay Round of the GATT, in the efforts to have the United Nations economic agenda expanded, on the environment, both through our bilateral economic co-operation programs and in international fora, and in a lively academic relations program, which is lately becoming much more closely tied to our economic partnership.

At the heart of these institutional relations lie deep personal bonds. Since the turn of the century, when immigrants from India first came to Canada, that human bridge has grown to over half-a-million Canadians of Indian descent. Their ranks include physicians, authors, educators, lawyers, businesspersons ... even

members of Parliament. Their contribution to Canada is remarkable.

Although this is certainly not my own first visit to India, it is the first in some time by a Canadian Minister for International Trade, and I am glad to see that official bilateral exchanges are again on the increase. For example, your Minister of the Environment visited our Western gateway of Vancouver just last March. And the Ontario Minister of Transportation, the Honourable Gilles Pouliot, visited New Delhi less than three weeks ago.

The Minister of Home Affairs of India will visit Canada at the end of the month. And, I hope it will not be long before we welcome your Ministers of Commerce and Finance to Canada.

But these exchanges are merely the official expression of a more general, and much more determined, commitment to India by Canadian business. Since the reorientation of Indian economic policy in 1991, we have seen some 120 Indo-Canadian industrial collaborations established in areas as diverse as poultry breeding, aircraft maintenance and telecommunications.

The number of Canadian corporate offices in New Delhi alone has increased to 25, from only seven a year ago. This is, in part, a response to the laudable economic reforms you have so wisely instituted. The economic ties with India are also a reflection of the fact that we in Canada are increasingly concentrating on producing high-tech, value-added products and services, and a freer and more open trading environment. We see today a similar process taking place in India, one with which we can identify and work.

Under the guidance of Prime Minister Narasimha Rao and his government, India has implemented reforms designed to make the private sector the engine of economic growth. Let me briefly note some of the measures which have struck Canadians as especially significant:

- The move toward full convertibility of the rupee on trade and current account;
- The reduction of peak tariffs from 350 to 65 per cent, with the weighted averaged expected to fall to 25 per cent by 1998;
- Restrictive import licences have already been largely abolished. All this is in keeping with the new commitments under the GATT;

- Automatic approval of up to 51 per cent equity investment in priority sectors, and many 100 per cent investments, approved by the Foreign Investment Promotion Board;
- Partial privatization of power generation, toll roads and telecommunications services;
- And, finally, most important of all in my view, India's historic signing of the Uruguay Round of the GATT, with the undertaking to join the World Trade Organization.

All this adds up to better access for foreign partners to the Indian market under more clearly defined rules than even before. The reform measures, I realize, raise sensitive issues for India, such as tax reform and the protection of intellectual property rights. We appreciate the process of adjustment and compromise which accompanies fundamental economic change. We ourselves have gone through similar adaptations over the last decade, as a result of our own freer trade initiatives. But freer trade is demonstrably helping Canada to compete more effectively on the world stage.

That, of course, is the whole rationale for international, rules-based trading systems. India's endorsement for the consummation of the Uruguay Round is welcome testimony to its recognition of these modern realities.

Canada, then, has strongly supported India's economic reform program, and, taking into account your obvious need to maintain domestic social and political support, we hope to see the pace of reform accelerate. We shall encourage, for example, your continuing attempts to modernize and improve infrastructure, especially in the areas of power generation and distribution, telecommunications services and transportation. These are all sectors in which Canadian expertise is strong, and all are represented among the Canadian businesspersons who have come to India with me.

We in Canada will be closely watching as India wrestles with another major issue raised in the GATT — the Code on Government Procurement, to which India currently is an observer. Full adherence to the Code will give India access to an immense procurement market, estimated at over US\$250 billion.

This will certainly help Canadian firms — some of which have world class products and technology to offer, for example, in the key areas of power and telecommunications — to find greater transparency and predictability in India's procurement regime.

India's economic indicators give us great cause for optimism; for example:

- India now has the world's 10th-largest GDP;
- Inflation has been drastically reduced;
- Exports are increasing at an annual rate of 20 per cent;
- India's middle class — of perhaps 200 million — is growing rapidly; and
- Foreign exchange reserves have passed US\$17 billion.

All told, a story of solid growth, and yet greater promise.

When the Liberal government came to power last fall, we promised Canadian business that we would strengthen our ties with the fast-growing Asia-Pacific area, including India. This visit testifies to that commitment, and not only in symbolic terms.

India is, and has been for decades, a major regional power in geopolitical terms. Its recent attractiveness as an economic partner for Canada is enormously enhanced, however, when we realize that:

- India is the world's largest functioning democracy;
- It has a fair and independent judiciary, willing and able to adjudicate contentious business issues;
- It uses English as a major language of business;
- It enjoys a massive pool of highly trained labour, combining skill and entrepreneurship, and including more engineering graduates than any other country; and finally,
- It is an immense potential market.

Canadians have already begun to achieve commercial success in India, which the continued reform process will no doubt enhance. The following are some examples:

- Raytheon Canada has been awarded a contract to supply air traffic control equipment for the Delhi airport;
- A leading-edge Canadian high-technology firm, Newbridge Communication Networks Corporation, will shortly open an office in New Delhi;
- Seagram recently received approval to enter the Indian distilling, industrial alcohol and fruit juice markets: one of those 100 per cent equity arrangements I alluded to earlier;

- The Bank of Nova Scotia has received approval to open its second branch in India, right here in Delhi; and
- The Canadian Bank Note Company, United Cable and Tire, Electrolyser and Quebec Gearworks are among 30 Canadian firms which have launched joint ventures here since the reforms of 1991 were begun.

Indian exports to Canada are also up significantly, and India now enjoys, for the first time in decades, a favourable balance with Canada. Over the past six years, exports have risen by 70 per cent, to \$358 million a year. And in the first six months of this year, Canada exported \$143 million worth of goods to India, while importing \$211 million.

The nature of India's exports to Canada has also changed, from a base consisting almost entirely of textiles, to a broader mix which includes such high tech products as computer software. Meanwhile, the State Bank of India has underscored its commitment to Indo-Canadian trade by opening branches in Toronto and Vancouver and by generally encouraging Indian investment in Canada, such as that of the Ispat Group of Calcutta investing \$100 million in the privatization of a steel plant in Quebec.

Clearly, then, business ties are growing rapidly. This summer, the Canadian Department of Foreign Affairs and International Trade launched a new initiative known as "Focus India." When fully implemented, this will result in an integrated strategy, incorporating federal and provincial governments, in co-operation with Canadian industry.

The purpose of Focus India, simply stated, will be to increase Canada's commercial profile in India. This initiative will also facilitate our capability to promote joint ventures and share technology and expertise with Indian industry, to the benefit of both our countries.

Canada, like India, has a commitment to open, rules-based trade. Like you, we are engaged in a long and strenuous process of transforming our economy to meet the challenges and reap the rewards of global competition and global trade. Like you, our long-term objectives are bound up with the responsibility and respect for rules that go beyond the mere accumulation of wealth, although it would be naive to say that the profit motive is not the main concern.

During this short visit, I have already come to the conclusion that there are enormous opportunities ahead for Canada-India business co-operation; not just in joint ventures or technology transfer agreements, but in strategic partnerships which will spell growth both for our business communities and our national economies.

We no longer come to you as a developed country proffering aid and export financing: we come as an equal partner, with an eye to mutual advantage: a "win-win" scenario. Our relationship has grown beyond the idealism of the '50s and '60s, which often gave way to disillusionment. We have to face the 21st century in the light of our enlightened national and international self-interests; I like to think that, most of the time, as they have over the last half century, those interests will coincide.

Thank you.

Statement

94/60

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF THE ANNOUNCEMENT
OF CANADA'S PARTICIPATION AT
THE VENICE BIENNIAL OF VISUAL ARTS
AND ARCHITECTURE, 1995

HULL, Quebec
October 19, 1994



Government
of Canada

Gouvernement
du Canada

Canada

Ladies and gentlemen:

As you know, the Venice Biennial will celebrate its centenary in 1995; the Biennial of Visual Arts and the Biennial of Architecture, to be held simultaneously from June 11 to October 15, will mark this event. Over the years, the Venice Biennial has established a reputation as a mecca of the arts. Its prestige attracts experts and other members of the artistic community, journalists and visitors from around the world. Participation in the Biennial by many Canadian artists, such as Jean-Paul Riopelle, Jack Shadbolt, Alex Colville, Guido Molinari, Michael Snow and, more recently, Geneviève Cadieux, has greatly contributed to their recognition on the international scene and, as a result, has placed Canada among the ranks of artistically avant-garde countries.

I take great pleasure in joining you here today to announce that Canada will be represented at the Visual Arts Biennial by Edward Poitras, a Native artist from Regina, and at the Architectural Biennial by Vancouver architects, John and Patricia Patkau, and a group of emerging architects yet to be chosen by competition.

Canada has participated in this prestigious event since 1952, and has had its own national pavilion since 1957.

My department, which is responsible for Canada's participation in both events, will provide a grant of \$57 500 to the Canadian Museum of Civilization towards the realization of the visual arts project, and an amount of \$75 000 to the Canadian Centre for Architecture for the architecture project. The National Gallery of Canada and the Canada Council are also helping to finance Canada's participation in the Visual Arts Biennial, contributing \$42 500 and \$20 000 respectively.

I am pleased to acknowledge that for the first time Canada will be represented by a Native artist at the Visual Arts Biennial of Venice. The Edward Poitras project was proposed by Gerald McMaster, curator at the Canadian Museum of Civilization, and selected after a competition organized by the Canada Council on behalf of the Department of Foreign Affairs and International Trade.

Mr. Poitras was part of two major exhibitions, the Canadian Biennial of Contemporary Art, organized by the National Gallery of Canada in 1989, and Indigena, organized by the Canadian Museum of Civilization in 1992. Mr. Poitras, like his predecessors, will be a worthy representative of Canada.

I am convinced that the exhibition by John and Patricia Patkau at the Architectural Biennial, along with the work of a group of emerging architects, will draw the attention of the international community to impressive Canadian achievements. John and Patricia Patkau are distinguished architects with a growing international

reputation and we have been pleased to support their exhibition now touring in Europe and the United States.

The Canadian project for the Architectural Biennial was proposed by an ad hoc advisory committee under the chairmanship of Ms. Phyllis Lambert, Founder and Director of the Canadian Centre for Architecture in Montreal. The other members are Ms. Kim Storey, Regional Representative of the Royal Institute of Architecture of Canada, and Mr. Sandy Hirshen, Director of the School of Architecture at the University of British Columbia.

The Architectural Biennial has taken place only five times before, and Canada has officially participated only once, with an exhibition in 1991 about the Canadian Centre for Architecture. The Centre has become one of the most respected centres for architecture in the world, and I think it is fitting that it will be organizing and co-ordinating Canada's entry next year.

The Government has emphasized the importance of a dynamic cultural sector to help us achieve the objectives we have set for ourselves: the creation of jobs based on our talents for creativity and innovation; the reinforcement of our national identity; and the projection of the image of a country determined to meet the challenges of the emerging global economy.

The dynamism of this sector is reflected in the fact that it now represents almost three per cent of our gross domestic product and employs more than 425 000 Canadians. Its labour force has increased by 122 per cent over the past 10 years, twice the rate of increase of the Canadian labour force as a whole. The vitality of our cultural sector has enriched the lives of Canadians immeasurably. Canadian creators have firmly placed Canada in the international spotlight.

As the Liberal plan for Canada stated: "Culture is the very essence of national identity, the bedrock of national sovereignty and pride. It gives meaning to the lives of all Canadians and enriches the country socially, politically and economically."

Canada is appreciated abroad through the articulation of its cultural expression. For that reason, I consider international cultural relations as one of the three main pillars of Canada's foreign policy, and I am taking steps to revitalize that element of our operations abroad. I am looking forward to the report of the Special Joint Parliamentary Committee on Foreign Policy, which devoted a number of hearings to international cultural relations and higher education and received more than 50 submissions on these topics.

In conclusion, Canada benefits greatly through its participation in major cultural events abroad. These events require a joint effort such as that exhibited in the co-operation among my

department, the Canadian Museum of Civilization, the Canadian Centre for Architecture, the National Gallery of Canada and the Canada Council as well as the participants in the various committees and competitions. Such partnerships, including those involving the private sector, have proved to be highly effective and should be reinforced so as to ensure greater international exposure of Canadian accomplishments.

Thank you.

Statement

94/62

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE OCCASION OF THE RETURN
OF PRESIDENT JEAN-BERTRAND ARISTIDE
TO HAITI

PORT-AU-PRINCE, Haiti
October 15, 1994



Government
of Canada

Gouvernement
du Canada

Canada

Ladies and gentlemen:

History has turned its attention today to Haiti, on which it will write one of its finest pages. A page that I hope will never be erased.

Canada is delighted to welcome the return of Haiti's legitimate government. This democratic victory marks the beginning of a new era for the Haitian people, whose rights, freedoms and dignity have been abused for too long.

Despite the repressions, chaos and horrors, Haitians have never lost hope that democracy and the rule of law would be restored in this country. They drew their courage from their hopes and belief in the future.

Their hopes were not in vain. A chapter in history has just closed on three years we would rather forget because the democratic process was not respected.

The time has come to rebuild and look toward the future. Canada, which has always supported Haitians in their quest for democracy, plans to participate, as far as it is able, in this short- and long-term rebuilding process.

Today, the Prime Minister of Canada reaffirmed Canada's commitment to support President Aristide in the difficult process of re-establishing peace, order and good government in Haiti. He also announced the lifting of sanctions, which I am sure should stimulate the recovery of the Haitian economy.

I am pleased to announce that Canada will resume its assistance program for Haiti's legitimate government. We will commit, over the next six months, \$30 million in humanitarian assistance, food aid and development co-operation.

I want to pay special tribute to the United States for their leadership in restoring democracy to Haiti. Without their uncompromising determination, President Aristide would not be back in his country. President Clinton and Secretary of State Christopher deserve our thanks for their courage and dedication to the cause of democracy and justice. It is obvious that this was not an act of self-interest, where there were vital economic interests to be preserved. Let me say that I see here today several members of Congress who rejoice with us. But we know there were doubts in Congress, and in the minds of the American public, as to the wisdom of President Clinton's decision to send troops to Haiti. Today, that foreign policy decision is recognized as the right one and does great honour to the United States.

And, now, Mr. President, allow me to say a few words in Creole:

Sé yon lot tan kap commensé pou Haiti. Nap travay ensemb pou la

pè é pou nou rekonstrui payi-a pou nou bay pèp haitien dignité.

This is the beginning of a new era in Haiti. We must work together to achieve peace, rebuild Haiti and restore the dignity of Haitians.

Rève sa..a..a., ké ou même ak pèp haitien an ap goumain pou li dépi 3 zan, réalisé enfin: Main ou tounain la caillou M. le Président.

Your fondest wish, which we shared with you and the Haitian people for three years, is finally coming true: you are back in your native country.

Pou gro travail sa..a.. kap tan'n ou an M. le Président, ou mèt conté anpil sou amitié ak appui Canada.

You can count on Canada's friendship and support.

I hope that Haitians recapture the serenity and joie de vivre that we know them for, and can participate by right in rebuilding and developing their country.

Thank you.

Statement

94/63

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
ON THE 75TH ANNIVERSARY OF THE
ASSOCIATION CANADIENNE LIBANAISE SYRIENNE
DU QUÉBEC

MONTREAL, Quebec
October 22, 1994



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Mr. Chairman of the organizing committee for the 75th anniversary of the foundation of the Association Canadienne Libanaise Syrienne du Québec, Mr. President of the Association, distinguished guests, ladies and gentlemen.

I am pleased to join you tonight in celebration of the 75th anniversary of your association. It is the living expression of the very first ties that developed between Canada and the Middle East in the early 1900s, ties that have become stronger in recent decades with the influx of Lebanese who have found in Canada a refuge from the troubles that have afflicted their beautiful country. The contribution that the members of your community have made to our cultural, business, religious and political life is valuable to all Canadians. There is no area of Canadian life that does not benefit considerably from the energetic and creative activities of your members.

Ladies and gentlemen, I would like to take the opportunity that I have been given tonight to provide a quick overview of the role that Canada has played and will continue to play in the Middle East, especially in the peace process and the gradual stability that is being established in Lebanon.

Bilateral and Multilateral Components - Canada's Role

Canada participates in the five working groups created in the wake of the Madrid Conference of 1991, which marked the launch of the Middle East peace process. One of the Government of Canada's future priorities will be, among other things, to support as part of the peace process, future security arrangements on the border between Syria, Lebanon and Israel by applying Security Council Resolution 242 on the Golan Heights and Resolution 425 on southern Lebanon.

I think Canada is well prepared to play a role in these countries as a result of its traditional contribution to United Nations peacekeeping operations in the Middle East and other corners of the world. Canada has been active in Lebanon since 1954 to supervise the truce in Israel, and contributed to the force in southern Lebanon in 1978. Moreover, Canada has contributed to the United Nations force on the Golan Heights in Syria since 1974.

Meanwhile, we will continue to support the efforts of our Israeli, Syrian and Lebanese friends to achieve a just, comprehensive and lasting peace. My latest contacts at the UN with my counterparts in the region strengthened my conviction that they would achieve this goal. There is widespread awareness in the Middle East that peace and individual interests have become inseparable.

The role assigned to Canada by the international community involves the Working Group on Refugees, which has been chaired by my Assistant Deputy Minister for Africa and the Middle East since

1992. Since the issue of refugees lies at the very heart of the Arab-Israeli conflict, I can assure you that we take our role in chairing this working group very seriously.

There are more than 650 000 Palestinian refugees in Lebanon and Syria alone. Many of them fled their homes over 45 years ago. If we really wish to create a "new" Middle East, one that is at peace, with prosperity and security for all of its people, we must achieve a fair and equitable settlement of the refugee question. Refugees must reap their own peace dividends, the possibility of living with dignity and a recognized identity, and of playing a full and active role in this new Middle East to which we aspire and for which we are working as energetically as possible.

The Working Group on Refugees offers encouraging prospects. In addition to hosting two of its six meetings, Canada led an international mission this year to refugee camps in Jordan and Lebanon, and contributed \$1.3 million to the UN Relief and Works Agency (UNRWA) program to construct emergency shelters for the homeless in the Beirut area, and an added \$2.3 million for other projects in camps in these countries and in Syria.

While taking part in the other four working groups, Canada brought together senior naval officers of 10 Middle Eastern countries last month in Nova Scotia. In February 1994, it hosted the multilateral steering group.

I am confident that progress on the issue of the Golan and southern Lebanon will soon allow Syria and Lebanon to join in this multilateral task of historical significance. Their involvement is essential in seeking acceptable solutions to issues such as that of refugees. It is their future that is at stake, and the international community needs the active collaboration of Damascus and Beirut.

Canadian Assistance to the Peace Process - The Canadian International Development Agency (CIDA)

CIDA's assistance program is another tangible expression of Canada's active role in the peace process. Among other things, CIDA has established a \$2.5-million Canadian fund for experts and services to mobilize Canadian expertise in the service of peacebuilding.

A \$2.1-million Canadian fund for dialogue and development also allows the organization of workshops and seminars to bring together representatives of communities that have historically been enemies to discuss development issues. Several meetings have been held in Lebanon. These contributions are in addition to \$55-million commitments to the West Bank and Gaza over a

five-year period, and our strengthened support for the peace program of UNRWA for its activities in Lebanon, Syria and Jordan.

Regional Economic Conference in Casablanca

The progress of the peace process is changing the trade picture in the Middle East. Our businesses must keep an eye on these changes. To do business in this region, it is increasingly necessary to be able to form partnerships with local firms that are familiar with markets and can monitor the rapid development of local economies.

At the end of next week, in Casablanca, I will have the opportunity to attend the first conference devoted to the economy of the Middle East and North Africa. The objective of this summit conference, which will be hosted by King Hassan of Morocco, is to consolidate the peace process in the Middle East by strengthening economic co-operation and development.

I have asked the Canadian business leaders who will accompany me to take part in the various technical workshops on the region's economic future, and to report to me on this region's potential for Canadian businesses. Their report will enable us to better target our trade activities and to better advise businesses on the most promising sectors.

Relations with Syria

Canada's Syrian community, with several thousand members who are proud of their country of adoption, is also a decisive factor in the promising future of our relations with Syria.

In June 1994, I had the pleasure of granting the request by Syrian authorities to appoint Mr. Fares Attar as Honourary Consul General of Syria in Montreal. I am sure that this appointment will make it easier for Canadians wishing to travel to Syria for personal, family or official reasons, or for tourism and trade.

Visits by Canadian missions have identified encouraging prospects for trade with Syria. These contacts allow the development of closer relations between Canada and its partners in the Middle East.

There have been promising developments in our relations with Syria in recent years. In the context of the realignment caused by the breakup of the former Soviet Union and the invasion of Kuwait, it is highly significant that a contingent of Canadian armed forces found itself alongside those of Syria during the Gulf crisis in 1991. As mentioned earlier, Canada has been active in Syria since 1974 by contributing to the UN forces on the Golan Heights.

In this context, my colleague the Minister of National Defence, the Honourable David Collette, visited the region last June. Furthermore, at the conclusion of the peace process, Canada would be willing to consider participating in further peacekeeping missions in the Golan region.

With regard to trade, a few developments are worth mentioning. The Minister of Transport of Quebec, Mr. Elkas, headed a trade mission to Syria in 1993; the Minister of Intergovernmental Affairs of Quebec, Mr. Ciaccia, did likewise in May of this year. On the Syrian side, the Syrian Deputy Minister of Foreign Affairs, Mr. Allouch, came to Ottawa on an official visit in July 1994, a first for Canada at this level. During his visit, he informed us of Syria's wish to open an embassy in Ottawa in the near future.

I am confident that these contacts will lead to the desired results. I repeat that we will continue to encourage Canada's private sector to go ahead and develop our bilateral relations with Syria.

Development Assistance to Lebanon

The development of Lebanon depends not only on the material reconstruction of its assets but also on the re-establishment of public institutions. Recognizing the positive development of the situation, I recently approved the launching of an initial bilateral project funded by CIDA, for a total of some \$770 000. Implemented jointly with the United Nations Development Program (UNDP), the project aims to reform public administration in co-operation with the Lebanese Ministry of Parliamentary Affairs, under the theme of good governance.

CIDA is planning another project to support training for managers and administrators of Lebanese non-governmental organizations (NGOs). Finally, a third project could focus on the development and modernization of the taxation department of the Lebanese Ministry of Finance.

Reconstruction Program - Trade

Lebanon also offers a great number of opportunities for Canada's private sector. Please allow me to give you a brief overview.

The Beirut reconstruction program launched by Prime Minister Hariri's government, a project totalling some \$12 billion over a 10-year period, offers numerous business opportunities for Canadian exporters wishing to take part in this reconstruction effort.

After having collapsed during the civil war, our trade with Lebanon is now experiencing an encouraging recovery, largely due

to the entrepreneurship of the Lebanese community in Canada. Our exports increased from less than \$8 million in 1990 to nearly \$44 million in 1993. I wish to note here in Montréal that Quebec alone accounts for 63 per cent of all Canadian exports to Lebanon.

We support efforts to ensure Canada's presence in Lebanon. A trade mission (the first in 17 years) was conducted in November 1993. The eight members of Canada's private sector and representatives of my department received a warm welcome from President Hraoui, Prime Minister Hariri, and Lebanese business people.

In January 1994, business people sponsored by the Canada-Arab Business Council went to Lebanon. In May, Minister for International Trade Roy MacLaren's parliamentary secretary, Mac Harb, made his second visit to Lebanon with one of our directors of trade development. A few weeks ago, another trade mission in the telecommunications sector visited Lebanon and Syria. At the same time, other Canadian firms took part in the "Rebuild Lebanon" exhibition in Beirut. These exchanges help to make Canadian business people more visible on the Lebanese market, where a good dozen Canadian companies are currently implementing projects.

At the same time, I am well aware that these reconstruction projects, and the trade opportunities they offer, will require us to make an effort to assist the poorest in Lebanon, who are still suffering from the trauma of war and must now face inflation.

CIDA will continue to provide assistance through Canadian or Lebanese NGOs active in Lebanon, and multilateral organizations involved in humanitarian assistance to Palestinian refugees and Lebanese displaced within their own country. Not counting our contribution to UNRWA, CIDA allocated \$2 million for Lebanon in 1994.

Canadian-Lebanese Relations - The Human Factor

I began my presentation by talking about the importance of the human factor in our relations with Lebanon. Indeed, I do not need to tell you that there are over 250 000 Canadians of Lebanese descent. Thus, there are few families in Lebanon that do not have a relative in Canada. Many Canadians, including several members of Parliament and senators, in addition to business people of Lebanese origin, naturally follow current developments in Lebanon with keen interest.

I am thinking, for example, of Senator De Bané's attendance at the first world conference of parliamentarians of Lebanese origin in Lebanon in November 1993; Senator Hébert's attendance at the launching of the Association of Lebanese Graduates in Canada in

September; and former Minister Ciaccia's spearheading of the largest mission to Lebanon by a Canadian province. Finally, I could not overlook the activities of the Canada-Lebanon Chamber of Commerce and Industry, with its dynamic president, Georges Homsy. With the gradual resumption of a more normal life in Lebanon, these ties between Lebanese and Lebanese Canadians can now yield results for the benefit of all concerned.

Ladies and gentlemen, real and tangible progress has been made in the Middle East in recent years within the framework of the peace process and the restoration of a degree of stability in Lebanon. These developments are a source of genuine satisfaction for all those who care about establishing a just peace in the region and a renewed future for Lebanon.

A new page has finally been turned in Lebanon after so many years of war. We must build together on the progress I have just outlined. To do so, we must continue to develop human ties between our two countries, we must strengthen our business ties, we must multiply our political ties. Thus, I have decided to proceed with the reopening of the Canadian Embassy in Beirut in the beginning of the new year.

Caution is still in order, of course, but I am confident that the objectives that we are setting with our partners in the region can be achieved.

In closing, I wish to tell you once again how pleased I am to be among you tonight. I wish to thank the leaders of your association for giving me the opportunity to express my views on Canada's role in the Middle East, Lebanon and Syria.

Thank you.

Statement

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CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE ASIA-PACIFIC ROUND TABLE

OTTAWA, Ontario
October 25, 1994



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Ladies and gentlemen:

After running the seven-and-a-half-year marathon of Uruguay Round negotiations, the trading nations of the world are now lurching towards the finish line. Some are showing signs of fatigue. We see symptoms of this in the United States Congress — its difficulties in coming to grips with the Uruguay Round implementing legislation, and its failure to grant fast-track negotiating authority.

But despite such short-term signs of fatigue, there is a powerful worldwide consensus that the momentum of trade liberalization and rules development must be maintained. Resting now is not an option. We have to find our second wind and keep running, or we will slide back into a trading environment characterized by rising tension, frustration, and lost opportunities. We will go forward, or we will go backward, but we will not stand still.

In that spirit, G-7 leaders will discuss how to continue the process of freeing trade when they meet in Halifax next June for the Summit. The Quadrilateral Trade Ministers from Europe, the United States, Canada and Japan began work on that subject a few months ago in Los Angeles, and we will continue to develop ideas at a follow-up meeting in Canada next spring. In the meantime, I am sure that the concept of hemispheric free trade will also be explored at the Summit of the Americas in Miami in December.

Today I want to focus on how the Asia-Pacific region is helping to provide impetus to the movement, and suggest some very concrete ways to channel the burgeoning demand for freer trade in the region in ways that will also strengthen the world trading system as a whole.

But first, let me say that this kind of conference, bringing together people from business and government, is an important part of a process which, by its nature, is symbiotic. Each sector can and must contribute to the overall effort to carry the ball forward.

I say this in the belief that we are all on the same team, that we want the same things, namely, economic freedom, sustainable growth, and stability. I also believe we are serious about laying the foundations for a future less burdened by debt, and more promising in terms of quality jobs for the generation of Canadians who will be growing up and taking their place in the "Pacific Century."

No one is more aware of this than the members of the Pacific Basin Economic Council [PBEC], who, as members of the private sector doing business in the region, make an invaluable contribution to the vitality of Asia-Pacific economies.

PBEC can take a lot of pride in its track record. As the only multilateral private sector business organization in the Pacific, it has proven itself a tireless champion of expanding trade and

understanding throughout the region. Its membership has grown to include 17 member economies since its founding in 1967. Its annual general meeting is considered one of the most influential business conferences in the region, if not in the world. All of this makes PBEC an indispensable partner for my government in the promotion of policies advancing Canadian interests in the Pacific Rim.

As you know, the federal government has made the expansion of Canadian involvement in Asia-Pacific trade and investment a top priority, and we have backed up that commitment with concrete and continuing action.

Our motivation is clear. Last year Canada exported \$16.5 billion worth of goods across the Pacific, and our imports amounted to \$21.5 billion. We have enjoyed a growing trade and investment relationship with many Asia-Pacific countries. But we know that, overall, Canada's level of commerce has not kept pace with the growth of a region that will, by the year 2000, account for 50 per cent of global production and 40 per cent of global consumption.

What has held us back? Part of the problem is undoubtedly related to our proximity to, and success in, the huge U.S. market. It is the single biggest, richest market in the world, with similar laws, customs and tastes. With the North American Free Trade Agreement in place, there is a rising wave of interest in Mexico, as well. But in a globalized economy, in which competitive challenges and opportunities are global in nature, Canadian firms cannot afford to overlook the Asia-Pacific market, home of half the world's people.

To help Canadian firms, particularly small and medium-sized companies, to make that journey, the Government is taking steps such as our forthcoming Team Canada trade mission to China, headed by Prime Minister Chrétien. About 300 Canadian business people will gather in Beijing, where many in the delegation will participate in the annual general meeting of the Canada-China Business Council, which has done an outstanding job in helping to organize this mission. From Beijing, the Prime Minister will travel to Shanghai, Hong Kong, Indonesia and Viet Nam, to support Canadian interests in those markets.

While market development efforts such as that are part of the solution, the fact remains that our full participation in the Asia-Pacific region has also suffered as a result of tariff and non-tariff barriers, discriminatory practices and standards, and obscure rules and customs — all of which must be tackled and progressively eliminated.

I am sure you would join me in celebrating the achievement of the Uruguay Round as a powerful blow to many of those barriers, both through its market-opening measures and through the introduction of new or fairer rules. Realizing those gains, which should generate at least \$500 billion a year in new wealth, worldwide, by the year

2005, demands that the nations of the world quickly approve domestic legislation implementing the agreement. For Canada's part, I am proud to say that we introduced our implementing legislation into Parliament today, and I am confident it will be passed in time to meet the targeted January first start-up date for the World Trade Organization [WTO]. I am hopeful, and I urge other countries to do likewise over the next two months.

While the Uruguay Round will impact positively on economic growth and trading relations among developed countries, it will be remembered in history for the profound way in which it helped bridge the gap between North and South. We saw, as the negotiations unfolded, an evolution in the roles of key players. Most importantly, developing countries, both in APEC [Asia-Pacific Economic Co-operation forum] and elsewhere, as well as economies in transition, demanded and won an equal place at the table. They insisted that their needs be addressed. Equally, they showed a willingness to assume a greater share of the responsibilities. And we can build on that as we look ahead to the realization of the Uruguay Round, and beyond.

The results of the Uruguay Round are well known to many of you, but let me take a moment to review how they will benefit the Asia-Pacific region:

- Access to markets for industrial products will be improved appreciably, with most tariffs being cut by at least one third. Deeper cuts, including zero tariffs in some 10 sectors, were agreed to mutually by Canada, Japan, the United States and the European Union.
- The impact of tariff escalation will be reduced, as gaps between tariffs on finished products and raw materials fall by as much as two thirds for products such as wood, rubber and tin, of importance to many APEC economies.
- Textiles and clothing, of key interest to a number of APEC countries, are finally being integrated into the GATT/WTO disciplines, with the Multi-fibre Arrangement being phased out.
- Agricultural tariffs will be cut by one third, with domestic support measures to be reduced by 20 per cent and export subsidies by 36 per cent in budgetary terms, over a six-year period. This is a major gain for all APEC countries that export agricultural products. More generally, the reforms will contribute to improved efficiency in all our economies, and provide a good start for future disciplines, particularly on agricultural export subsidies.
- Then there is the agreement on services, which will bring trade and investment worth some \$2 trillion annually, within

the framework of multilateral disciplines, leading to continuing liberalization in these sectors.

- Multilateral rules on intellectual property will provide a stronger basis for the transfer of technology in the Asia-Pacific region, while separate agreements in areas as diverse as rules of origin, import licensing and pre-shipment inspection will improve conditions for all international traders.
- Importantly for Canada and, I know, for many others in the region, the Uruguay Round agreement also strengthens trade remedy rules, for example, by defining for the first time in a multilateral agreement, what is and what is not a trade-distorting subsidy, bringing discipline to the use of countervailing duties. Unfortunately, less progress was made on anti-dumping measures — an area where much work awaits us all.
- The agreement outlaws the use of grey-area measures, such as voluntary export restraints, and controls the use of safeguard protection.
- The agreement effectively precludes unilateral measures in responding to trade disputes. The new dispute settlement system — one with clear rules, tighter deadlines, and binding effect — is one of the most welcome reforms.

Without a doubt, the crowning achievement of the Uruguay Round is the creation of the World Trade Organization. Such an organization is indispensable in overseeing the operation of the "single undertaking" that we have all accepted. It will also provide for greater political surveillance of the system by trade ministers in coming years, and it may provide a forum to address emerging trade policy issues, such as the relationship of international trade and the environment, competition policy, investment and labour standards.

We also have important negotiations to complete concerning the early accession of China and Taiwan to the GATT and their membership in the World Trade Organization. Bringing these two economies under world trade rules offers a unique opportunity to achieve significant improvements in market access for Canadian exporters and investors, and to secure transparent and rules-based economic and trade regimes in both markets. To realize these mutually beneficial goals requires that China and Taiwan meet the standards established in the Uruguay Round negotiations. Their desire to do so is yet another proof of the worldwide move to market liberalization.

Clearly the seven-year marathon of negotiations has yielded much of benefit to Asia-Pacific economies, and has the potential to achieve still more.

The point is, we can not afford to lose momentum. We will either go forward or backward, but we will not stand still. How do we proceed?

We already have two excellent sources of outside advice. Both the APEC Eminent Persons Group and the Pacific Business Forum have contributed valuable ideas on trade and investment liberalization in the region, building on the Uruguay Round outcome. Both are looking to the early adoption of a legally enforceable and binding Asia-Pacific investment agreement — and perhaps an APEC dispute avoidance or mediation mechanism — and further work within APEC to improve trade and investment facilitation, albeit with different timetables.

In Jakarta just three weeks ago, APEC trade ministers declared that we are ready to challenge both ourselves and others around the world to move quickly to further liberalize trade and investment.

At that meeting, I suggested, and had considerable support for, several concrete actions that we could take in response to that challenge, by moving in the following directions.

First, APEC countries should consider accelerating the implementation of the tariff cuts agreed to in the Uruguay Round and explore further tariff cuts in other sectors. There might be possibilities of further sectoral tariff harmonization or of new zero-for-zero initiatives in a range of products. At the same time, we should work together to build on the General Agreement on Trade in Services outcome to maximize liberalization in financial services.

Second, consider pursuing, in the short term, the elimination of export subsidies on agricultural trade in APEC, and in the longer term, a prohibition of all export subsidies in agricultural trade. Significant progress was made in this regard in the Uruguay Round. For the first time, export subsidies in agricultural trade are defined, and governments are committed to reductions in both their volume and value.

Third, consider how we in APEC can remain at the forefront of investment liberalization, moving from a declaration of non-binding principles to an agreed set of rules with appropriate dispute settlement provisions. More effort is needed to facilitate international private investment — a major source of growth in this region — and to reduce uncertainties and transaction costs of investment and investment-related trade.

APEC countries should agree upon an immediate standstill on all measures which hinder investment flows among member economies while we work on a code. The code should be ambitious and reflect international best practices. This region should settle for no less.

Finally, I suggested that we should advance energetically on standards and conformance. Since our region contains many of the world's leading high-tech firms, we might want to select one or two sectors, such as telecommunications and housing, and try to reduce the negative trade and investment effects of differing standards within the region.

I offered these suggestions as possible benchmarks in our quest for freer markets, and I plan to expand on them when I return to Jakarta in two weeks' time to attend the APEC Summit.

Certainly all of us would welcome the elaboration of a vision of moving forward ambitiously and sensibly, a vision that can counter parochial and divisive concerns, a vision that can maintain the momentum towards more open markets, not just within the APEC, but throughout the world trading system.

On that note, let me reiterate that there is no intrinsic conflict between the regional nature of the APEC forum and the global agenda of the World Trade Organization. Indeed, APEC's increasing institutional strength has filled a striking gap in the framework of international economic relations, enhancing dialogue in a region that has not, until recently, developed a broad consultative forum of its own.

The growing points of contact within APEC, including meetings of ministers of trade, finance, environment, small business, and national leaders, coupled with the obvious benefit of having all "three Chinas" at the same table, are combining to produce a new and dynamic voice in world trade and economic policy.

No one can predict all the implications of the changes that we have seen or expect to see. But of one thing I am certain. The emerging world trading system is taking on new meaning. Increasingly, what is the same among us is becoming more important, and more compelling, than what is different.

Developed and developing countries alike share increasingly many of the same goals. We all aspire to improved living standards on an environmentally sustainable basis. And we all seek the same opportunities to pursue those aspirations, including through more secure access to world markets. We may differ in size and level of development but, more than ever, we are equal in our right to demand and seize those opportunities.

Thank you.

Statement

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
ON SECOND READING OF AN ACT TO IMPLEMENT
THE AGREEMENT ESTABLISHING
THE WORLD TRADE ORGANIZATION



OTTAWA, Ontario
October 27, 1994



Government
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Mr. Speaker:

The legislation we are considering today — *An Act to Implement the Agreement Establishing the World Trade Organization* — will ensure the implementation of the GATT [General Agreement on Tariffs and Trade] Agreement which I signed on behalf of Canada in Marrakech in April.

Adoption of this legislation will enable Canadians to reap the benefits of the biggest trade deal in history. By creating a more open and stable international trading environment, this Agreement will generate increased Canadian exports and investment. Exports, the driving force behind Canada's recent economic recovery, are crucial to the achievement of this government's job and growth agenda and to Canada's continuing prosperity.

The legislation before us approves the Agreement. It amends Canada's existing laws and tariff schedules to bring them into conformity with our obligations under the Agreement. And finally, it provides for the appointment of representatives to the World Trade Organization [WTO] and for the payment of Canada's share of its budget.

We made it clear before assuming office that a Liberal government would continue to support the GATT as the cornerstone of Canada's trade policy. We undertook to focus our efforts on breaking the deadlock in the Uruguay Round negotiations and on building a new World Trade Organization. This legislation is the fruit of those efforts.

The Uruguay Round, the largest, most comprehensive trade negotiation ever undertaken, involved more governments than any of the previous GATT Rounds. The final package contains over 30 agreements, understandings and declarations, capped by the agreement to create the World Trade Organization. The agreements include an enormous package of national commitments to lower tariff and non-tariff barriers to merchandise trade, a thorough reform of trade rules, and the extension of the world trading system to cover such "new" issues as trade in services and intellectual property.

Completion of the Uruguay Round will have major implications for the world and for the Canadian economy well into the next century. Conclusion of the Round, after seven and a half years of difficult negotiations, has already had a positive impact through improved confidence in the global economy.

The GATT Secretariat estimates that global income will be at least US\$ 500 billion higher in the year 2005 than it would have been without the Uruguay Round. Some economists believe that even these numbers may underestimate the impetus to growth, innovation and investment that will result from the Agreement. Economists without exception have underlined the substantial potential benefits for all members of the trading system, including Canada.

Using prudent economic assumptions, we estimate quantifiable Canadian gains of at least a 0.4 per cent increase in real income, or

\$3 billion annually when the Agreement is fully phased in. These are, however, only a fraction of the actual gains that will almost certainly occur.

Although this Agreement covers a wide array of issues affecting international trade relations, three areas stand out, both as a result of the leadership role Canada played in promoting progress and consensus, and as a result of these elements representing, for us, the most important and beneficial achievements of the Round. I refer to the market access package; to the agreement on subsidies and countervailing duties, which grew out of a Canadian draft; and to the agreement to establish a new institution, the World Trade Organization, with a greatly strengthened and integrated dispute settlement system. The creation of the World Trade Organization is largely the result of a joint initiative by Canada and the European Union.

Under the Uruguay Round Agreement, access to markets for industrial products will be substantially improved, with most tariffs being cut by at least one third. Deeper cuts, including zero tariffs in some ten sectors will also be made. Overall, Canadian exports to the European Union will benefit from tariff reductions of almost 60 per cent. Tariffs on our exports to Japan will be reduced by about 70 per cent. The impact of tariff escalation will be reduced as well. For example, the gaps between tariffs on finished products and raw materials will fall by as much as two thirds for products of importance to Canada, such as copper, lead, zinc and other non-ferrous metals.

A major achievement of the Uruguay Round is that, for the first time, the agricultural sector is brought under the rules-based multilateral regime. Agricultural tariffs will be cut overall by 36 per cent, with domestic support measures to be reduced by 20 per cent and export subsidies by 36 per cent in terms of budgetary expenditures over a six-year period. This represents a significant gain for our agricultural exporters. More generally, the agricultural reforms will contribute to improved efficiency in the world economy, providing a good start for future disciplines, particularly on agricultural export subsidies.

Also for the first time, trade in services and trade-related intellectual property are brought within the framework of multilateral disciplines. The agreement on services covers trade and investment worth some \$2 trillion annually and will promote continuing liberalization in these sectors. Multilateral rules on intellectual property will provide a stronger basis for the development and transfer of technology. Agreements in areas as diverse as rules of origin, import licensing and pre-shipment inspection will improve conditions for all international traders.

As I already mentioned, the Agreement strengthens trade remedy rules, thus realizing one of Canada's priority objectives going into the

Round. The Agreement defines the concept of subsidy for the first time in a multilateral trade agreement. Further, it sets out criteria exempting certain subsidies — for regional development, research and development, and the environment — from countervailing measures. In this era of fiscal constraint, Canada will benefit from the strengthening of multilateral disciplines on subsidies that can have such adverse effects on our competitive position in both the domestic and foreign markets.

Although the Agreement does contain some improvements with respect to anti-dumping measures, we shall have to go further to ensure that such measures are not used as an instrument for continuing protectionism.

The Agreement effectively precludes unilateral measures in responding to trade disputes. The new, integrated dispute-settlement system — one with clearer rules, tighter deadlines, and for the first time, an appeal process and binding effect — is a major improvement over the existing GATT system. In the final analysis rules are only as effective as the means of enforcing them. This wholesale reform of the multilateral trade dispute settlement system therefore represents an important, if unquantifiable, benefit for the small and middle-sized players like Canada, which are inherently vulnerable to the threat of unilateralism by the economic giants.

Without a doubt, the crowning achievement of the Uruguay Round is the creation of the new World Trade Organization. Such an organization is indispensable in overseeing the operation of the complex series of agreements and other instruments resulting from the Round. It will also provide for greater political surveillance of the system by trade ministers in coming years.

The World Trade Organization will finally put international trade on a firm institutional footing by becoming the third pillar of the world's commerce and financial structure, along with the World Bank and the International Monetary Fund. As the successor to the GATT, the World Trade Organization will provide the forum for future trade negotiations aimed at further trade liberalization worldwide and the development of new global trade rules.

Mr. Speaker, all parts of Canada and most sectors of our economy will reap substantial benefits from the Uruguay Round agreements. The business and agricultural communities, as well as the provinces, were closely consulted throughout the course of these negotiations. It is in no small part due to their contributions that these agreements will provide real, tangible benefits for Canadian producers and consumers in all regions.

Elimination of tariffs on paper and allied products and lower tariffs on lumber will substantially improve access to the European Union and Japanese markets for our forest products industry, particularly in British Columbia, Quebec, and the Atlantic Provinces.

The reduction in tariffs and non-tariff barriers in Europe, Japan and Korea, although more limited than we would have wished, will enhance the export competitiveness of the fish products industry in Atlantic Canada and British Columbia.

The Agreement will produce a more market-oriented and global trading environment for our agricultural sector. The reductions in export subsidies and in the volume of subsidized exports will put our field crops, particularly grains and oilseeds from the Prairies, on a more equal footing with those of our principal competitors.

At the same time, supply management will be able to continue operating as an effective Canadian approach to producing and marketing dairy and poultry products. The Agreement allows for the continuation of supply management systems through high import tariffs that will maintain a real security for these sectors.

New rules and disciplines on sanitary and phytosanitary measures will improve prospects for exports of many Canadian agricultural and forest products.

The reduction and harmonization at lower rates of tariffs for chemicals and chemical products will improve access to world markets, especially in Asia and Latin America, for our producers concentrated in Alberta, Saskatchewan, Ontario and Quebec.

Sectoral free trade for pharmaceuticals will result in lower import costs and improved market access, and will enhance exports to offshore markets, particularly from Quebec and Ontario. Improved protection for intellectual property will enhance prospects for investment and for research and development.

The Canadian communications and electronic equipment industries, concentrated in Quebec and Ontario, will benefit from the substantial reduction of tariffs in important industrialized markets. Software and computer services exports will be facilitated by the agreements on services and trade-related intellectual property.

Canada has many strengths in the services sector that will benefit from increased global market opportunities brought about by the new General Agreement on Trade and Services (GATS). Services in which Canada is competitive internationally include various professional and management consulting services, technical testing, financial, computer and environmental services, telecommunications, air transport, tourism, commercial education and training, health-related services, geomatics, maintenance and repair, and services incidental to agriculture, mining, forestry, energy, and manufacturing.

Increased clarity and discipline in the use of multilateral trade rules, particularly countervailing duties, as well as more effective dispute settlement mechanisms, will provide greater security of access for Canadian products in many markets. Canadian products

that have, in the past, suffered harassment from countervail actions and which can expect more secure access as a result of the Agreement include lumber, fish, pork and magnesium.

In addition, new rules on subsidies provide for the possibility of taking action against subsidized products that displace Canadian products in foreign markets, including those of the subsidizing country. These provisions could be of benefit to Canadian manufacturers of civil aircraft and ground transport equipment, steel and steel products and other sectors that have been heavily subsidized by foreign governments.

Mr. Speaker, as a country that stands to benefit greatly from these agreements, Canada has insisted that our principal partners fully implement their Uruguay Round obligations by legislating them into their domestic law. We paid particular attention to the U.S. implementing legislation. We were in frequent touch with the U.S. authorities at the highest level to urge them to ensure that U.S. legislation faithfully reflects the international agreements. We are satisfied that the U.S. legislation now awaiting votes in Congress, while not perfect, substantially implements the Uruguay Round agreements.

All of our principal trading partners are now in the process of moving their legislation forward. We are currently reviewing the European Union and Japanese implementing bills, which have just been tabled. While none of our major partners has yet completed the legislative process, it appears probable that they will do so in time to bring the agreements into force and to establish the new World Trade Organization on January 1.

It is important that Canada play its part and give a clear signal to the world community that we intend to complete our domestic procedures and implement these agreements into Canadian law in time for the January 1 start-up.

However, we shall keep a close eye on the legislative process in Washington, Tokyo, and in the European Union. We do not intend to complete our legislative procedures until we see how events unfold elsewhere. Accordingly, we shall proclaim our legislation only after our principal partners have obtained the necessary legislative approval.

Mr. Speaker, with the exception of Germany, Canada is more dependent on international trade for its economic well-being than any of the other G-7 countries.

Canadians understand that our domestic market is too small to generate alone the level of prosperity we enjoy. It behooves Canada to make a contribution to the functioning of the international trading system proportionate to our interest in the system itself. That is why Canada played a key role in the negotiations that led to

the agreement to establish the World Trade Organization which will replace the GATT on January 1. And that is why we are now playing a leadership role in the complex, detailed preparatory work required to get the WTO up and running.

We are committed to completing, as soon as possible, the unfinished work of the Uruguay Round in such areas as government procurement and financial and telecommunications services. And we are also committed to beginning work on the new generation of trade policy issues, including such matters as the relationship of international trade to the environment, competition policy, investment, and labour standards. We intend to help shape the agenda and basic concepts at an early stage so that future negotiations will advance Canadian interests.

Canada's economic strength now and in the future will depend fundamentally on our willingness to stay on the leading edge of freer trade, to take an active and creative role in forging new relationships and in building new structures that, over time, can extend the reach of a rules-based international order. The multilateral system centred on the World Trade Organization will be the foundation of that international order, but it is not the only element of what is and must be a complex and constantly evolving order.

Mr. Speaker, we must harness, for positive ends, the profound forces pushing us all toward deeper integration. Today it is more accurate to speak, not of trade policy as such, but of international economic policy. Jurisdictions and policy areas that have long been considered to be quintessentially domestic are now increasingly subject to international negotiation and rule making.

The old trade policy issues of tariff and non-tariff barriers remain on the table, but they are being overtaken by a "new agenda" — concerns over investment policy, regulatory regimes, intellectual property, competition law, even international monetary policy — a trend which in turn reflects the evolution of a yet more globally integrated economy.

If we accept that economic security inevitably lies in deepening our commitment to open, rules-based trade, then the issue is really no longer whether we should surrender sovereignty, but how we take a leading role in building a new kind of sovereignty to reflect a new economic order.

The reality is that Canada cannot wait for the international community to provide the institutions and mechanisms that will ensure our economic security. Multilateralism, while remaining our first option, cannot remain our only option. For Canada, this means taking a yet more active and creative role in forging new relationships and in building new structures that, over time, can extend the reach of rules-based trade.

The original justification for the Canada-U.S. Free Trade Agreement — and the subsequent trilateral agreement with Mexico — was really just that: to push forward in areas where our degree of economic integration seemed to call for a deeper, more comprehensive, more expeditious regime of rules and procedures than the GATT could provide.

It is Canada's goal to extend this deeper free trade relationship throughout the hemisphere and beyond, regionally if possible, bilaterally if necessary. We are already engaged in the negotiation of bilateral investment agreements with some international partners. We shall have to consider the negotiation of bilateral trade agreements if other avenues forward should become blocked.

Although the negotiation and implementation of the NAFTA [North American Free Trade Agreement] has focused Canada's attention in recent years southward to the rest of this hemisphere, we must also begin to explore new means of expanding our trade relations eastward, across the Atlantic, to Europe, and westward, across the Pacific, to Asia.

The momentum for trade liberalization both in the hemisphere and around the world, is strong. Canada seeks to maintain that momentum and, accordingly, I shall convene a meeting of the Trade Ministers of Japan, the United States and the European Union this spring. We hope to develop a consensus for new trade initiatives that will be considered at the Halifax G-7 Summit next June.

Mr. Speaker, in submitting this Bill for approval, the Government counts on the consensus of all parties in this House that the cornerstone of Canadian trade policy is the multilateral system of mutually agreed market access conditions and non-discriminatory trade rules applicable to all; that free, fair and open trade is essential for the future of the Canadian economy and for securing the competitiveness and long-term sustainable development of Canada; and that trade expansion contributes to job creation, achieves higher standards of living, offers greater choice to consumers, and strengthens the Canadian economic union. Such are the objectives that this Bill seeks to promote. I invite members to join in considering its purposes and provisions and in assuring its timely adoption.

Thank you.

Statement

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CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE CONFERENCE ON PARTNERSHIP
FOR ECONOMIC TRANSFORMATION IN UKRAINE

WINNIPEG, Manitoba
October 27, 1994



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Mr. President, Excellencies, ministers, Monsieur Camdessus, colleagues: greetings and welcome to Canada and to Winnipeg.

I am pleased to welcome you to the opening of the Conference on Partnership for Economic Transformation in Ukraine. We share a common goal: a prosperous and democratic Ukraine. It is my hope that the Conference will bring about a greater level of understanding and commitment among those present to the transformation of the Ukrainian economy. The economic and financial linkages that continue to exist with its neighbours make the health of Ukraine's economy essential to the economic health of the region as a whole.

Ukraine occupies a special place in our government's foreign policy. The one million Canadians of Ukrainian origin have left their mark in our country's young history, indeed in all sectors of Canadian life. Canada and Ukraine possess a fantastic advantage in that we can build on those human ties to foster a fruitful, prosperous relationship between our two countries. I wish to thank the Ukrainian community in Canada for its efforts in helping us prepare for your visit, Mr. President.

When I visited Ukraine last March, I saw first-hand the enormous challenges facing that country. But I also witnessed the fantastic will and enthusiasm of Ukrainians for building a free market economy and democratic institutions. Most importantly perhaps, I became even more aware that the international community could not let Ukraine face these enormous tasks alone.

Canada is committed to helping facilitate the integration of Ukraine into the international community. Canada was pleased that its G-7 partners endorsed our proposal to organize this conference. We all agree that stability and independence in Ukraine, as anywhere, must rest on the foundation of economic prosperity.

The Canadian government has sought to provide some of the tools for building a unique partnership between our two countries. Indeed, the political, economic and military co-operation agreements we signed this week establish a framework for this partnership.

The Foreign Investment Protection Agreement I signed with Foreign Minister Udovenko and the Economic Co-operation Agreement I signed with Foreign Economic Relations Minister Osyka on Monday in Ottawa, are part of our assistance to create a proper environment for business. The Memorandum of Understanding on Technical Assistance I signed with Minister Udovenko is our contribution to assisting Ukraine in its transition towards a democratic society.

Our common goal, all of us here today, is to achieve the full integration of Ukraine into the world economy. The main actors in this partnership will ultimately not be governments, but

private entrepreneurs and business people who will build economic ties for mutual advantage. It is these individuals who will realize Ukraine's potential to become a significant player in the international economy, and we must therefore take the appropriate measures to help them.

The role of governments is to establish the framework in which private investment and trade can flourish. This is the task which President Kuchma has taken on with his presentation of a comprehensive economic reform plan earlier this month. I think I can speak for all friends of Ukraine when I congratulate President Kuchma on taking this first important step on the road to economic transformation and growth.

It will not be an easy road. There will be opposition to reform. However, strength can be drawn from the experiences of other reforming economies in the region. An early and sustained commitment to reform pays off, in the form of domestic economic growth, including trade and foreign investment.

The international community is ready to assist Ukraine in this courageous effort. International assistance will be necessary, particularly in the early stages, if the reform program is to be viable. Our partnership with Ukraine will be based on the principle of "help for self-help." Our assistance to Ukraine can only be effective if the Ukrainian government takes the necessary steps to put in place the framework in which a market economy can develop.

President Kuchma has committed his government to decisive action on economic reform with the signing of an agreement with the International Monetary Fund. This will permit Ukraine access to an initial amount of International Monetary Fund resources. I am pleased to announce that to support the program for the remainder of this year, Canada has agreed to provide \$34 million in credits to Ukraine. The United States government will provide US\$70 million, and other governments are expected to provide credits or, as in the case of Russia and Turkmenistan, defer payments owed to them by Ukraine.

The first task of today's conference will be to discuss the measures which are necessary to implement the economic reform program over the coming year. The Ukrainian government has outlined these in their memorandum to the International Monetary Fund. It will be most valuable for our officials to be able to hear directly from the Ukrainian government how they plan to proceed with the implementation of the reform measures.

Full implementation of the economic policy measures outlined in the International Monetary Fund agreement should help to create the initial conditions for growth in investment, both domestic and foreign. But this is not enough to ensure the economic

future of Ukraine. Still broader and deeper reform measures are required if a market economy is to grow and flourish.

What is missing is the appropriate institutional and legal framework — a framework which in Western economies has been developed over the centuries. Here again is an area where Western governments are well suited to assist Ukraine. The challenge faced by the Ukrainian government is to step forward decisively to create the environment in which the market mechanism can work to the benefit of all Ukrainians.

By way of example, the Ukrainian public service has a vital role to play in developing the policies and legislation that will enable a market economy to function properly. Strengthening the public service has been a priority for Canada's technical assistance program with Ukraine. We are providing over \$4 million to the Institute of Public Administration in Kiev for public service training. Canadian experts have provided training in public administration and in critical areas for policy development: finance, economics and social policy. I was pleased to review the progress made on this project with Ukrainian Minister of Cabinet Pustovojtenko and to see what future areas of assistance Canada could provide.

International trade also requires an appropriate institutional framework that would enable Ukraine to become fully integrated into the world economy. The Ukrainian government has already taken an important step in this direction by initiating the process of accession to the World Trade Organization. We welcome its application and Canada is prepared to offer specific assistance to Ukraine to help facilitate accession to the World Trade Organization, such as providing trade policy training to Ukrainian public servants.

The support and guidance of the World Bank on privatization policies, social protection, financial sector reform and the development of the institutional framework for a market economy will be critical. Our officials are here to listen to the Ukrainian government's plans, and to offer their views based on experiences with policy reforms in some of these very same areas.

We also hope to share perspectives with the Ukrainian government on key sectoral policies — energy and agriculture come to mind. Energy sector reform will be critical in Ukraine to reduce dependency on energy imports and on higher-risk nuclear facilities. We are pleased to be able to say that the Canada, its G-7 partners and Ukraine are already working together on the task of raising nuclear safety levels and finding longer-term energy solutions. Both the World Bank and the European Bank for Reconstruction and Development [EBRD] are playing critical roles in this process.

The second objective of today's conference is to focus specifically on the issue of investment promotion and private market development. The main source of economic recovery in Ukraine will be private investment, particularly in small and medium-sized enterprises. Foreign investment, including Canadian investment, is already growing in Ukraine, but only slowly because of the unstable business climate. The European Bank for Reconstruction and Development is already providing financing to small and medium-sized enterprises in Ukraine. In the sessions today, EBRD officials will be providing their views on the key structural reform measures which are required for such enterprises to grow. An exchange of views at this conference will no doubt allow the process to advance more quickly.

The international community will remain fully engaged in supporting the implementation of Ukraine's economic reform program. Dialogue is essential for good partnership. Dialogue builds trust and understanding. Today's conference is an opportunity to carry forward the dialogue between governments that has begun under the auspices of the international financial institutions, and which will continue under their auspices.

The vision we seek for Ukraine's economic future is that of a thriving market economy and an active trading partner both regionally and internationally. I know President Kuchma shares that vision. This conference offers the opportunity to pursue the vision together as partners. I look forward to hearing the results of your work.

Thank you.

Statement

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CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT THE CANADA-EU COLLOQUIUM

TORONTO, Ontario
October 28, 1994



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Let me begin by congratulating Ambassador Beck for organizing this successful conference. Making trade policy is a little like politics — timing is everything. Ambassador Beck's timing for this conference is impeccable, coming as it does at such an important juncture in our bilateral relations and in our relations with the world as a whole.

Perhaps it is a romantic notion, but I continue to believe that Europe and North America belong to a broader Atlantic community — one rooted not simply in shared values, cultures and traditions, but in shared interests. I also believe that our two continents are in danger of drifting apart.

This trend cannot be said to be the result of a conscious policy choice on either side of the Atlantic, although the relationship certainly suffers at times from a sense of benign neglect. Our difficulties, more structural than political, are at a deeper level — the challenge of moving from a transatlantic relationship defined primarily by strategic imperatives to one defined increasingly by our shared economic interests.

There can be little doubt that the end of the Cold War has served to weaken the strategic ties that bound our two continents together for almost 50 years. Until the collapse of the Berlin Wall in 1989, it was largely the Soviet threat that kept the West together in a defensive alliance. With the disappearance of this threat, the pressure to overlook economic disputes and tensions has also diminished.

Diminished as well are the ideological foundations that underpinned our strategic alliance. It has been suggested that the Cold War was not primarily a war of economies, but a war of ideas. In politics, it was a struggle of liberal democracy against collectivist totalitarianism; in economics a struggle of open, competitive markets against stifling central planning and state ownership.

But we are all capitalists nowadays. Moreover, global events are driven more by technological innovations than by ideological convictions. Just as it is sometimes difficult to identify ideological differences in an international arena defined primarily by the interplay of economic forces, so too is it difficult to recognize the values and ideals that still bind us together.

In essence, then, North America's postwar strategic partnership with Europe has given way to growing economic rivalry to which we both seem unable to adjust.

The most obvious expression of this is the rising interest on each side of the Atlantic for regional arrangements. The European Union [EU] is in the process of transforming itself. Through the single European Act, the 1992 Single Market Program, and the Maastricht Treaty process, the Union has become more

integrated, more co-ordinated, and better positioned to play a full role on the world stage. It has also become preoccupied with its own internal architecture to the point where other interests risk being subordinated to the political goal of building a unified Europe. Only a short decade ago, "Europe 1992" was held up as a model of openness for the world. But these same policies of regional liberalization and harmonization will seem rather less admirable if one additional goal is to turn away from the global community.

North America too has begun to consolidate its own internal arrangements, partly in response to developments in Europe. For some, the recently signed North American Free Trade Agreement [NAFTA] is but the first step toward an exclusive, self-reliant hemispheric bloc — a way of securing America's economic hinterland in a world of rising competition and declining market share. Even for those who do not share this narrow vision, it remains true that North America's policy focus is shifting increasingly to the Asia-Pacific region, and to the fast-growth economies of the south China coast — and, if only implicitly, away from Europe.

This trend is in no one's interest. For Canada, the European Union remains our next most important bilateral economic partner after the United States. Last year Canada's merchandise trade with the countries of the European Union was valued at \$25 billion, our direct investment reached \$21 billion, while EU investment in Canada was worth \$32 billion — and so on. These statistics do not capture the "quality" of our economic relations — the extent to which North America and Europe are increasingly interlinked by a web of transborder production, investment and technology. As Canada attempts to diversify beyond the U.S. market, the issue of Europe/North America relations takes on an added strategic importance.

This transatlantic relationship is also of central importance to the world economy as a whole. It was, after all, our common postwar economic leadership that was instrumental in creating the liberal trade and payments system so critical to the expansion of the world economy. It was the foresight we together demonstrated at Bretton Woods that helped to build the great multilateral institutions of the last 50 years — the World Bank, the International Monetary Fund, and the General Agreement on Tariffs and Trade. And it was our common resolve that helped to drive the latest and furthest-reaching agreement in Marrakech.

In the same way, Europe and North America's continued global economic leadership will not be secured by retreating into regional blocs, by viewing the Atlantic as a barrier rather than a bridge between our two continents — a fact amply reflected in the deadlock that characterized the final years of the Uruguay Round negotiations.

The critical question is how do we revitalize the transatlantic community? No doubt there are a number of existing institutional tools such as NATO [the North Atlantic Treaty Organization] or the OECD [Organization for Economic Co-operation and Development] that could be employed more effectively to further our mutual interests; no doubt, these structures could be revitalized and reformed. But if we are indeed living in an era when political diplomacy is giving way to economic diplomacy, then any meaningful effort to strengthen relations between Europe and North America must be primarily economic in nature.

As strong as our trade and investment relations are, they have potential to be better. Even after the Uruguay Round is fully implemented both sides will continue to face tariff barriers in key sectors. And tariffs are not the sole — or even the central — impediment to the further integration of our economies. National treatment for investment, differing standards, restrictive procurement practices — these and other systemic differences must be the new focus of our liberalizing efforts. In a sense, our goal is not simply to secure market access, but to enhance the competitiveness, dynamism, and critical mass of the transatlantic economy.

This conference can be where we begin to canvass our options for our future together. We do not need to be constrained by what has gone before or what we have accomplished in other fora. While it is premature to outline the details of such a policy, let me set out three principles that might serve to guide us in redefining our relationship.

The first is that it is easier to head off problems before they are established than it is to solve them after they have become firmly entrenched. If we can establish common practices — or at least some form of early warning system — then perhaps we can limit the potential for trade friction.

Our recent negotiations on testing and certification for product standards attempts to achieve just that. If we can create a system whereby Canadian laboratories can test Canadian products to European standards — and vice versa — then exporters on both sides can enter markets with less risk and more certainty.

A second principle is that it is often easier to accomplish new goals than to solve old problems. The latter become bogged down with a negotiating history. There are several irritants in our trading relations that have not changed in years — the denial of Canadian grain rights in the Union, for instance, or our countervailing duties on EU beef. But while those problems may seem intractable we are beginning to negotiate new agreements and new co-operative frameworks that have the potential to enhance greatly our economic relationship. Our agreement on science and technology, when it is signed later this year, will open the door

for Canadian companies, universities, and researchers to enter into joint ventures with European partners participating in the European Commission's \$19-billion Fourth Framework Program for Research and Development. The potential is tremendous; we need more initiatives like this.

The third principle is that what we can accomplish together in the world is becoming more important than what we can accomplish on our own. We are partners with the European Union in the Quad [Trade Ministers of Canada, the EU, Japan and the United States], in the new World Trade Organization, and in other bodies. We have a shared interest — and a shared responsibility — to provide leadership on global issues.

It is true that in recent years Canada's agenda for Europe has not been articulated as clearly as our agenda for the Americas or Asia. Perhaps the problem is existential — the absence of a clearly defined structure or framework to provide a focal point for further trade and investment liberalization. Many of the building blocks are already in place. Canada has had a framework agreement for economic co-operation with the European Union since 1976 — an agreement that has stood the test of time but is perhaps in need of renewal. More recently, as I have noted, we have finalized our co-operative agreement in the field of science and technology, which will greatly increase the potential for transatlantic co-operation and development.

We are working toward agreements on customs co-operation and on mutual recognition of testing and certification of product standards. And we have completed negotiation of an agreement on competition policy that will lay the foundation for active co-operation among our anti-trust authorities.

Can we build upon these initiatives to create a more comprehensive economic and trade partnership? Is it time to give serious consideration to a deeper Canada-EU trade framework, in turn paving the way for a more ambitious EU-North America link in the future?

In an ideal world, trade liberalization would occur multilaterally on the broadest possible range of fronts. But we do not live in a perfect world; and we can hardly expect perfect solutions. If the architecture is kept open, then a deeper arrangement with Europe could serve to revitalize our economic relationship — and even to bridge potentially exclusionary blocs.

If the goal remains further and faster liberalization, then a new economic partnership with Europe could help set in motion an external, competitive dynamic to reduce trade barriers worldwide; to kick-start a new global round.

Canada's underlying goal is not to replace the existing multilateral system — still less to set up discriminatory blocs — but to move further and more quickly toward the goal of trade and investment liberalization; to forge an engine that can drive the more cumbersome, but centrally important multilateral negotiating process that we all must encourage in the new World Trade Organization.

The Atlantic community has demonstrated enormous potential. Through the NAFTA, Canada, the United States and Mexico are in the process of forming an integrated market of 360 million. We are prepared to take concrete, credible steps toward further trade and investment liberalization in the Western Hemisphere. In the same way, the EU has emerged as an economic superpower — the world's largest importer and exporter; a rich, prosperous, single market boasting a population of 340 million and a GDP larger than that of the United States.

Having redefined our respective regions and having helped to restructure the international trading system as a whole through the Uruguay Round, the time has come for Europe and North America to re-examine their shared Atlantic link. Can we create a more comprehensive, dynamic Atlantic economy? Can we find the courage to change and adapt, to create new arrangements based on new realities? Forty years ago we built a transatlantic bridge for our common defence that succeeded beyond our greatest expectations. Perhaps we can build a transatlantic bridge to our common prosperity.

Thank you.

Department of Foreign Affairs and International Trade

Statement

94/68

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE ATLANTIK-BRÜCKE CONFERENCE

VANCOUVER, British Columbia
October 31, 1994



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I am very honoured by your invitation to address the Atlantik-Brücke Conference. This forum is one which, by bringing together Canadian and German decision makers, helps to reinforce the strong bonds of friendship between our two countries. It also provides us with an opportunity to share our views on emerging issues of mutual concern and to look together at how best to address them.

It is my pleasure this evening to address one such important subject: the evolving role of the State since the end of the Cold War. This broad topic can be approached from many different perspectives: political, economic, or cultural. It is a development, however, which affects us all and which has left many of us wondering about how we will deal with the challenges facing us in the 1990s and beyond.

The crux of the matter is that the certainties of the Cold War no longer seem certain. A strong, effective State can no longer be taken for granted. Indeed, many argue that the State is in decline because sovereignty is losing meaning. States appear to have less control over what occurs inside their borders. Borders themselves are disappearing for the growing number of people communicating across data lines and satellite links. On the other hand, the accessibility of new technology has *de facto* increased the sovereignty or autonomy of individuals as people who share common political, ethnic or social interests increasingly see themselves and act as transnational players. A profusion of new commercial organizations are mirroring this trend and joining the older multinationals, vaulting borders to trade and invest.

In conjunction with the end of the Cold War, these trends have accelerated. An iron curtain no longer divides Europeans. At the same time, beliefs that sustained a large, interventionist State in Western societies are held by fewer and fewer people. Partly, this is due to a perception that since the principal enemy — the Soviet Union — no longer exists, allied governments no longer need support large military establishments. Moreover, resources available to the State are diminishing. Deficits and changing attitudes about what kinds of activities are appropriate for the State have combined to make it very difficult for governments in the nineties to take on new tasks, even if they wished to do so.

Increasingly, we understand that our most pressing problems are not limited within our own borders. No one country can protect the ozone layer for example; no single state can stop international crime or disease; no government acting alone can stop arms proliferation or manage the world's financial flows. Pessimistic observers point to the complete breakdown of Somalia and Liberia as examples of "failed states," the beginning of a "coming anarchy." Others fear we will see more of the kind of ethnic and religious conflict that has destroyed states like Yugoslavia.

Some look at this scene I have described and conclude that we must resign ourselves to it. They argue that the State, with its decreasing resources and declining stature, is not ready, willing

nor able to take on the world's problems. Some believe the State should withdraw from many traditional areas and leave people alone to conduct their business. Some maintain that we are on the threshold of the "withering away of the State," and, in particular, of the State's demise as the main actor on the stage of international relations.

I do not believe the State's days are numbered. In the past the State adapted to new conditions and it can do so again. Western states met the challenge of legitimacy by extending the franchise, they met the challenge of social justice by creating a safety net of programs to help the disadvantaged. In international relations, the recent Israel-Jordan Peace Accord has shown us once again that the State can be remarkably flexible, particularly in times of crisis and change, and will undoubtedly continue to be so.

My optimism rests on the values held most strongly by Canadians and by people everywhere who insist that, at the end of the day, there is a place where responsibility lies: that place is the State. Whether the State consists of a federal or provincial government or, perhaps in the not-so-distant future, a European Union government, there must be a centre of responsibility and accountability if there is to be democracy. People cannot directly demand an accounting of bodies such as the UN; neither can they call on a non-governmental organization [NGO] or a multinational corporation to explain itself in Parliament. Democracy means that people are able to exert a measure of control over their lives through their representatives.

We have witnessed what can occur if people do not feel they have a government which is responsible and responsive to them in a meaningful way. In some societies, religious and ethnic fundamentalism has arisen because people feel powerless: one response has been to take up arms. In other societies, political withdrawal grows as people conclude that their participation "just doesn't matter."

In this new era, we have to manage the State and the instruments available to it to maximize the opportunities afforded by the changing international environment. We must "go with the flow," in a sense, but at the same time push the transnational currents in directions which will realize the benefits and objectives our people seek. A more subtle hand at the tiller than before does not mean, however, disengagement from international affairs. Only by active participation and positive results — necessary to maintain the state's credibility — will we be able to keep the support of our people and achieve measurable results.

The challenges of the 1990s are predominantly transnational, involving many players. Some problems are local, but have the potential for spill-over into neighbouring countries, such as the ethnic disputes in the former Soviet Union. Some are regional, such as the nuclear aspirations of North Korea, but are part of a global

problem, nuclear proliferation. And some are truly worldwide, such as environmental degradation and the underworld of drug trafficking. The successful State of the 1990s, after analyzing the nature of the problem, and taking into account resource constraints, must adapt its response accordingly.

To deal with transnational issues demands a co-operative response. Canadians are famously modest, but we can justly claim to be pioneers of this approach to international problem solving. In the 1990s, other countries are coming around to our way of thinking. As a middle power, Canada has long understood that it must act with other countries to ensure prosperity and security. Because of this, Canada has strongly supported the UN, including by participating in virtually every peacekeeping mission; it helped found NATO [the North Atlantic Treaty Organization] and the CSCE [the Conference on Security and Co-operation in Europe]; it worked to make trade freer by supporting the new world trade organization and by entering the NAFTA [North American Free Trade Agreement].

However, we must look to the future. Our co-operative approach in the past was focussed on state-to-state or state-to-institution arrangements. In the 1990s and beyond, the successful State will be the one that can find the right mix of players to solve the international problem at hand. This will not always mean co-operation solely at the state-to-state or state-to-institution level: it will increasingly entail co-operation among non-state actors such as NGOs, cities and businesses. The State will play an important role in helping to facilitate these links. Prime Minister Chrétien's trip to China next week is an example of how we are adapting our approach. I will be accompanying the Prime Minister as he leads Team Canada, a mix of provincial leaders and business people whose objective will be to engage the Chinese on a broad range of issues, building public and private sector ties.

If we are to help create more prosperity for our peoples, while ensuring that humanitarian and other concerns are met, then we must pay increased attention to the special character of the countries and peoples with whom we hope to co-operate. Cold War-style blocs and the comfortable stereotypes of that period must be replaced. Canadians come from diverse backgrounds. We feel this gives us an advantage in constructing co-operative relationships in trade, security, or on human rights issues. We are applying this advantage in our approach to issues in the region for which I am responsible.

We are witnessing the beginning of a new period of confidence in the Asia-Pacific region as new economic and security interests replace the traditional interests in the post-Cold War world. Asian states are erecting their own architecture of co-operation tailored to their own needs and with their own history in mind. Canada is encouraged by this but is also sensitive to the fact that Asian countries are not going to replace NATO or the CSCE.

For well over a century, Canada has regarded our relationship with Asia as tremendously important. As Asia reaches outward, we must construct both more formal Pacific multilateral institutions and less formal people-oriented linkages. Canada has been a Dialogue Partner at the ASEAN [Association of Southeast Asian Nations] Post-Ministerial Conference, discussing a broad range of issues, including security, with ASEAN and other Pacific countries as well as the EU [European Union]. Canada also participates in the ASEAN Regional Forum, which this summer brought together Pacific states on security matters. In two weeks, the Prime Minister will take part in the APEC Leaders Meeting in Indonesia. This state-to-state dialogue is still at an early stage, but it is building confidence, a key to continued prosperity around the Pacific.

Canada has encouraged exchanges of academics and ideas in the region. We are also working to build relationships among business people, military officers, artists and students. These people-oriented exchanges are aimed at reinforcing and broadening confidence in the region. Our development assistance in the region continues as another means to promote our co-operative approach.

For Canada and Germany, habits of economic, political and security co-operation have become deeply ingrained. Non-state-to-state relationships, including those based on economic links, family ties, and on friendship and intellectual affinity (like Atlantik-Brücke), have flourished. But the relationships among countries like ours are not static. As Minister MacLaren commented in his remarks earlier today, the European Union is in a time of profound evolution, grappling with the same sort of issues I am discussing today.

I will not repeat what Mr. MacLaren has said, but would echo his call for Canada and Europe to update and enhance our existing and extensive co-operative links.

To conclude: we have all spent a great deal of time in the 1990s discussing how things have changed since the Cold War ended. Our initial optimism understated the challenges we face today. The time has now come for us to stop looking backwards and to look to the future. The problems which are out there demand our attention, not hand wringing or nostalgia for "simpler days." Only recently it was unthinkable that the Soviet Union could collapse; surely today it is thinkable that we can work together to solve the common challenges we now face. The State is our instrument: it exists as a collective expression of the will of our peoples. Maintaining the relevance of the State in the 21st century will require that we translate the hopes and aspirations of our citizens into vision and leadership to help create a better, safer and more prosperous world.

Thank you.

Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE ANNUAL GENERAL MEETING
OF THE
CANADA-CHINA BUSINESS COUNCIL



BEIJING, China
November 8, 1994



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Ladies and gentlemen:

I wish to thank Vice Chairman Yang for his review of recent developments in the Chinese economy and the challenges facing it. China has been making remarkable progress in taking its place as a major economic power in Asia and in the world. The record is impressive. I wish you well as you pursue your objective of opening up and modernizing an economy which has the potential of soon becoming one the largest in the world. The road ahead is not without obstacles, but I want you to know that Canada is prepared to play a constructive role in support of your economic objectives.

Members of the Canada-China Business Council may recall that I made my first public address as Minister for International Trade at your Annual General Meeting in Vancouver last year. I am pleased to be back with you for the inauguration of your 1994 meeting. Our gathering in Beijing today represents a major milestone in the history of Canada-China relations. Indeed, the Team Canada mission headed by the Prime Minister, comprising premiers, territorial leaders and senior executives of many of our most successful companies is unprecedented not only in Canadian terms but globally.

We have one common basic purpose: to strengthen our growing links with the Asia-Pacific region and with China in particular. We want to see our commercial relations flourish.

We are here today to renew and extend our contacts at the highest levels. In so doing, we demonstrate Canada's commitment to a long-term and multi-faceted relationship with China — a partnership that will last for many, many generations.

Canada is an "old friend" to China. We opened our door to the People's Republic of China when we were among the first to establish diplomatic relations a quarter of a century ago. We have accorded China unconditional most-favoured-nation status for over two decades.

Today, we are among the most enthusiastic supporters of China's re-entry to the GATT [General Agreement on Tariffs and Trade] and to membership in the new World Trade Organization. China itself and all its economic partners can only benefit from China's early resumption of membership in the rules-based global trading organization.

To that end, Canada has provided a helping hand, but GATT accession depends on further opening of the Chinese economy and a commitment to a schedule of reform of its trade and economic regimes. Indeed, improved access to the Chinese market depends on the predictability, openness and transparency of its underlying trading system. Such reform is not only necessary to meet GATT requirements but also to provide the level of

confidence sought by international investors and business partners.

Next week I shall be in Jakarta at the APEC [Asia-Pacific Economic Co-operation forum] meetings, along with the trade ministers of the Asia-Pacific region. Canada's membership in APEC is further evidence of our engagement with the Asia-Pacific region. There is no doubt that China will play a critical role in shaping the future course of APEC and of the region.

The future prosperity of Canada depends on our success in building our ties to this the most dynamic and rapidly growing markets in the world. We can achieve this objective multilaterally, through our participation in APEC, and bilaterally through our Team Canada effort here in China this week.

The Prime Minister's visit constitutes an unequivocal testimony of the importance Canada attaches to the development of strong and durable trade and economic ties with China.

At this juncture in the development of the Chinese economy, Canada has much to offer in goods, services, technology and investment. Canadian trade and investment in China contribute to the creation of high quality jobs that benefit people in both our countries.

This year, our two-way trade should exceed \$5 billion. The Prime Minister is challenging us to expand that to \$20 billion by the year 2000. This is an ambitious target but one I believe is achievable. Moreover, I am confident that our trade growth will continue to come in high value added and high technology products and services.

The signing, yesterday, of the Nuclear Co-operation Agreement is a clear illustration of the growing sophistication of our commercial ties. This agreement opens the way for both our countries to co-operate in the building of CANDU reactors in China for the peaceful production of nuclear energy. We are proud to be able to offer China the safest and most advanced nuclear technology in the world. This will provide substantial benefits to Canadian companies, both large and small, as well as providing a much-needed source of energy to China.

At the same time, we shall continue to support and develop our traditional commodity exports. In the 1960s it was wheat that first brought Canada and China together. Since then, we have traded more than one hundred million tons of wheat, worth billions of dollars. We have been one of China's most reliable and consistent suppliers of high quality grains.

Canada's commitment to maintaining this record is demonstrated by the recent opening of the Canadian Wheat Board office here in Beijing. This new office will make it easier for Canada and China to continue doing their long-standing business in grains, and to exploit new opportunities and new markets. Related opportunities exist in grain handling equipment and in potash. But, regardless of the product, whether in commodity or in high technology, whether in telecommunications and energy or in transport, doing business in China can be as challenging as it is rewarding. Thousands of Canadian companies including small and medium-sized enterprises have been active in various Chinese regional markets. Many Canadian companies have established offices in the provinces of China to pursue new opportunities and to service their clients. Presence and positioning are keys to success in this huge country.

We have welcomed the increasing number of joint ventures between Canadian and Chinese companies to produce quality goods for China, and for the rest of the world. Such ventures, frequently involving small and medium-sized enterprises, also provide good market distribution channels for increased Canadian exports to China.

China is undergoing a remarkable transformation. Industrialization and modernization are evidenced by the thousands of factories, skyscrapers, roads, telephone networks, harbours and dams, that are being built at an almost frenetic pace. China is now beginning to reap the benefits of trade and investment liberalization which is fuelling one of the world's highest and most sustained rates of economic growth.

The Canadian response increasingly requires an approach which goes beyond traditional trade and involves direct investment, joint ventures, transfer of technology and the establishment of a permanent presence in the Chinese market.

Many Canadian companies have responded to this challenge. We are proud of their achievements.

The signing of dozens of commercial deals this afternoon will further illustrate the wealth, variety, complexity and maturity of our growing business relationship. New challenges exist also in the area of export financing, challenges which I am sure the combined efforts of our commercial banks and the Export Development Corporation will meet.

We must sustain our momentum. One of the key ways to achieve this is through high level visits. The Team Canada mission is the culmination of the many significant exchanges that have taken place in the last year. It also gives an impetus to many high level exchanges that will follow in the years to come.

Our approach to China must become more closely tailored to the demands of this increasingly sophisticated market. The China of tomorrow will be more open, entrepreneurial, consumer oriented — and regional. Business will have to respond, as will governments.

It was for that reason that this autumn we opened a new Canadian trade office in Guangzhou and strengthened our trade presence in Shanghai. We have also placed one of our trade commissioners in the Canada-China Business Council office here in Beijing. In the future, we shall look for innovative ways to form partnerships with the private sector to establish a Canadian business presence elsewhere in China, from Chongqing to Harbin.

The Canada-China Business Council has contributed in a major way to making this week's events an outstanding success. The presence here today of delegations from the Canadian Chamber of Commerce, the Business Council on National Issues and the Canadian Chamber in Hong Kong also attest to the fact that Canada-China trade and investment relations will be on the top of Canada's economic agenda. I congratulate you all. No one can afford to approach a market like China on his or her own. We speak today of global networks, integrated communications, and interdependent economies. Similarly, to succeed as individuals, we must continue to rely on teamwork as well as work.

I want to congratulate the Canada-China Business Council, all its members, both Canadian and Chinese, who have worked so effectively to bring together this annual meeting and to make a great success of the visit of Team Trade Canada. Together we share a vision of the special relationship between Canada and China. This meeting serves as a reaffirmation of our joint commitment and determination to make this vision a reality.

Thank you.

Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO A JOINT MEETING OF THE
INDONESIA-CANADA BUSINESS COUNCIL,
THE CANADIAN BUSINESS ASSOCIATION
AND THE CANADA-INDONESIA BUSINESS COUNCIL



JAKARTA, Indonesia
November 13, 1994



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Mr. Chairman, your excellencies, distinguished guests, ladies and gentlemen.

I am honoured to have this opportunity to address this joint meeting of the Indonesia-Canada Business Council, the Canadian Business Association and the Canada-Indonesia Business Council.

I have to come back to Jakarta for a second time within a month — this time, to attend the Asia-Pacific Economic Co-operation [APEC] Ministerial Meetings, which will be followed by the Asia-Pacific Leaders meeting in Bogor this coming Tuesday. During our deliberations over the past two days, we have discussed a number of issues that will affect the future economic growth and prosperity of the region, the most important of which is the need to reaffirm our commitment to the early ratification of the World Trade Organization.

I congratulate the Indonesian government for having done so already. In Canada, we introduced our legislation in our Parliament on October 25 — legislation that is supported in principle by all of our main political parties. I fully expect that the World Trade Organization legislation will be approved and enacted by the end of the year. I look forward to others, particularly to our largest trading partners, doing so quickly as well. This remains the world's number one trade policy priority.

Beyond this, we have come to Jakarta to chart the future direction of APEC as we stand on the threshold of the Pacific century. Here in Jakarta last month and again over the past two days, Ministers declared clearly that we are ready to challenge ourselves and our world trading partners to start the process of further trade and investment liberalization. APEC has already commissioned and received some excellent outside advice on this issue, in addition to that which we received from our officials. Both the APEC Eminent Persons Group and the Pacific Business Forum echoed a central theme: this region's increasingly critical role in driving the world economy. Both underscored our fundamental commitment to freer trade and investment as the engine of future growth.

Still, a number of questions remain unanswered. Are we looking for APEC to drive global free trade forward by accelerating liberalization on a MFN [Most Favoured-Nation] basis? Or are we aiming for a more comprehensive — but regional — free trade area? Can we deepen our integration while broadening our membership? How will APEC relate to other existing free trade areas, especially to the NAFTA [North American Free Trade Agreement]? We have created a mechanism and a structure that seems to be moving forward by its own momentum. We have yet to define a destination.

There have been long discussions about when the APEC process should be completed. A more salient issue is when -- and in what ways -- the process should begin. Only by moving forward, only by maintaining the momentum coming out of seven years of Uruguay

Round negotiations, can we make concrete progress. Canada has suggested some specific steps.

First, APEC countries could consider accelerating the implementation of the tariff cuts agreed to in the Uruguay Round and exploring further tariff cuts in other sectors. There might be possibilities of additional sectoral tariff harmonization or of new zero-for-zero initiatives in a range of products. At the same time, we must work actively and in co-operation to build on the General Agreement on Trade in Services to further liberalize financial services, a key sector in the modern, globalizing economy.

Second, we could consider pursuing in the short term the elimination of export subsidies on agricultural trade in APEC, and in the longer term, a prohibition of all export subsidies in agricultural trade worldwide.

Third, we should consider how we in APEC could remain at the forefront of investment liberalization, moving progressively from a set of non-binding principles to possibly an agreed upon set of rules with appropriate dispute settlement provisions. More effort is needed to facilitate international private investment — a major source of growth in this region — and to reduce uncertainties and transaction costs of investment and investment-related trade. APEC countries could work toward a standstill on all measures that hinder investment flows among member economies while we worked on a code.

Finally, I suggest that we could advance on standards and conformance. Since our region contains many of the world's leading high-tech firms, we might want to select one or two sectors, such as telecommunications and building standards, with the objective of reducing the negative trade and investment effects of differing standards within the region.

Is this region prepared for such an ambitious agenda? In many ways, we need look no further than Indonesia for an answer. Its recent reduction of tariffs on 739 items, its lifting of surcharges on a further 108 products, its simplification of import licensing procedures, its changes in the value added tax regime to encourage activity in free trade areas — these are only some examples of ~~what~~ Indonesia itself has done to further open its economy.

Equally impressive is Indonesia's recent move to liberalize its investment regime, including the decisions to lift the ban on foreign investment in strategic sectors; to ease equity limits on foreign partners in joint ventures; to extend business licences; and to end the minimal capital requirements for foreign investors.

As the World Bank has noted, the Indonesian government's policies have refashioned this country's foreign investment regime into one of the most liberal in the developing world.

But perhaps Indonesia's most impressive contribution to economic liberalization in the region — and among its non-aligned partners — is its leadership role in pushing the open trade agenda forward. As current Chair of APEC, Indonesia has brought all the players to the table. It has successfully forged a broad consensus among developing and developed countries alike. It has been nothing less than the catalyst for freer trade in the region and, possibly, in the world.

At its heart, APEC is built upon shared interests and shared aspirations. Canada and Indonesia's growing relationship is a microcosm of this broader, region-wide trend. Only a decade ago our relationship was defined by a shared interest in development. Today it is defined by a shared interest in trade. At the meeting of Trade Ministers in October, I learned first-hand from President Soeharto, several of his Ministers, and from a number of Canadian business people based in Indonesia, about the many and varied trade and investment opportunities.

I am impressed with the breadth and depth of Canadian commercial and investment activities here, particularly among small and medium-sized enterprises. This country is now our largest trade and investment partner in the ASEAN [Association of Southeast Asian Nations] region. Our two-way trade amounted to some \$905 million in 1993 — and we expect it will easily surpass \$1 billion this year.

Cumulative direct Canadian investment in Indonesia amounts to some \$3.5 billion, while new investments will exceed \$5 billion in the next two or three years. With improved trade financing — and improved support from our financial community — this trend will only continue.

Canadian expertise in energy, telecommunications, transportation, and environmental and information technologies — as well as in our traditional export sectors — can contribute to the well-being of both our countries. We have complementary needs and common opportunities.

Developing human resources to meet the needs of your growing manufacturing and research and development establishments is particularly critical for your country, given the large number of young people entering the labour market each year. It is also an area where Canada can contribute.

The government of Canada, in co-operation with the Asia Pacific Foundation, will shortly open a Canadian Education Information Centre in Jakarta. From health care to engineering, language

training to agriculture, Canadian educational institutions can assist Indonesia's economic growth.

Geographically, Canada and Indonesia could hardly be further apart. Yet through shared interests we are moving closer together. We have extensive, diverse and growing economic ties. We have worked together to ensure that APEC moves forward, including Canada's offer to host the APEC forum in 1997. We share a consensus on the importance of trade and investment liberalization, both regionally and worldwide, under the auspices of the new World Trade Organization. It is a partnership built on a solid foundation. There is much more to do.

Thank you.

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Statement

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NOTES FOR A LUNCHEON ADDRESS BY
THE HONOURABLE ROY MacLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE HO CHI MINH CITY
BUSINESS COMMUNITY



HO CHI MINH CITY, Vietnam
November 15, 1994



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It is a pleasure to be back in Vietnam after so many years. I was a Canadian diplomat posted to the International Control Commission in Saigon 36 years ago. The people of this city are as energetic and full of life today as they were then.

Canada and Vietnam share historic ties. As a member of the International Control Commission from 1954 to 1973, and as a non-belligerent observer, Canada strove to end a long and painful war.

I was a witness at the beginning of that terrible conflict, which is vivid in the world's memory. I wish you well two decades after the curtain closed on those historical events.

Canada has been a friend of Vietnam in good times and in bad.

Today Canada and Vietnam can move forward together in an era of peace and economic development. We now share an increasingly dynamic, exciting and multifaceted relationship.

1994 will remain a milestone in the history of our relations. Not only are we inaugurating a new Chancery in Hanoi and a Trade Office in Ho Chi Minh City, but we have appointed Her Excellency Christine Desloges as Canada's first Ambassador to the Socialist Republic of Vietnam. In June, your Deputy Prime Minister, Phan Van Khai, visited Canada and met with Canadian leaders and tomorrow, our Prime Minister, Mr. Jean Chrétien, will be making the first visit by a Canadian Prime Minister to this country.

The significance of these developments cannot be understated. I am here today to express Canada's support to our Vietnamese friends. We want to play a useful and constructive role as Vietnam strives to open its doors, liberalize its economy and reintegrate into the world community. A good example of this was Canada's contribution to clearing Vietnam's International Monetary Fund arrears.

We are together in "la francophonie" and Canada, as a G-7 country, would like to see Vietnam join the new World Trade Organization; we would welcome its membership in APEC [Asia-Pacific Economic Co-operation forum] and we look forward to its future membership in ASEAN [Association of Southeast Asian Nations].

We also want to participate in the rejuvenation of a modern Vietnamese economy. Our countries may be a thousand miles apart, on opposite sides of the world's largest ocean, but we share much in common. Vietnam and Canada are both endowed with plentiful natural resources, and skilled and motivated workers.

Our two nations have similar infrastructure requirements to deal with our respective river systems, coastlines, mountains and rural communities. Most significantly, we both benefit from foreign investment and global trade for our economic well-being.

Canada is an active member of the emerging Asia-Pacific community. Our commitment to the region is shared by both our public and our private sectors.

Canada now conducts 20 per cent of its trade with Pacific Rim countries. But this is not enough. Canada wants to expand its trade and investment in the region. To that end, the Canadian government is reallocating resources from traditional markets to open Trade Offices such as the one I officially open later today, here in Ho Chi Minh City.

Our companies are developing or implementing creative, regional business strategies for target markets, like Vietnam. We know that in order to succeed we must build partnerships with Vietnamese public and private sector entities. Both as suppliers of products and services and as investors, our companies must work together.

With me today are some of the premier Canadian companies willing to engage in the development of these partnerships. Given the similarities between Vietnam and Canada, with our remote communities, our resource-based manufacturing — especially minerals, forestry, oil and gas — and our rugged topography, Canadian firms are remarkably well-suited to meet the challenges of the Vietnamese market.

We are developing a special focus in Vietnam on the transport, energy and telecommunications sectors. Canadian firms can compete world-wide on capital projects in each of these areas, as they are doing throughout the Asia-Pacific region.

We have won major transport projects in Malaysia and China, major energy projects in Indonesia and China, and Canadian companies have supplied telecommunications equipment or have built assembly operations in virtually every country in Asia.

Vietnam's bold moves to restructure its economy along free-market lines is resulting in an increasingly high level of Canadian business interest and confidence. The size of our business delegation visiting Ho Chi Minh City today is one indication of this trend.

Although we understand that changing to a market economy is a challenging task, we encourage Vietnam to continue these efforts. Of immediate concern to Canadian business is Vietnam's requirement to simplify the bureaucratic hurdles to free enterprise.

This is one of the key elements to building the confidence of the international business community and to stimulating inward investment.

We see Vietnam as an increasingly important partner in the Asia-Pacific region. In recent years, our two-way trade has been growing, but considering the potential, it remains at a modest level.

But we foresee rapid and dynamic increases in our bilateral trade. For example, today I shall witness the signing of a contract amounting to \$7 million for the provision of fire-fighting equipment to Ho Chi Minh City.

On Thursday, Prime Minister Chrétien and I shall witness the signing of at least \$50 million in new business for Canadian companies, including a \$15-million contract for a vessel traffic management system for the Saigon River and the Port.

This type of project enjoys the support of the Canadian government and will be financed using credit facilities provided by the Export Development Corporation, Canada's export credit agency. I am pleased to announce that the Export Development Corporation is now prepared to provide financing and insurance to support Canadian companies doing business in Vietnam, based on the merits of individual transactions.

Additionally, the Export Development Corporation is working with Canadian banks to establish a joint credit facility with Vietnamese banks. We have made tremendous strides in a short period of time.

We must also mention the contribution of the Vietnamese-Canadian community, some of whom are among us today. Their determination, perseverance, and energy have been instrumental in introducing many Canadian companies to the local market and, at the same time, have introduced a variety of Vietnamese products to Canada.

In the new global economy, trade is more than just importing and exporting goods. Increasingly, it involves investment and the transfer of technology. Canadian firms are well-aware of this new global reality.

They are actively pursuing investment opportunities in the Vietnamese oil and gas, telecommunications, property development, construction materials, and general infrastructure development sectors.

They are also bidding on projects funded by the World Bank and the Asian Development Bank in areas of internationally-recognized Canadian strength and competence: water supply, waste management, and road renovation, to name but a few.

All this is to say that Canada is here, and here to stay. Canada is committed to this market for the long term. However, there is an increasing need for our countries to enter into formal bilateral arrangements upon which Canadian exporters rely.

To that end, Canada and Vietnam signed an Economic Co-operation Agreement earlier this year that serves as an umbrella agreement for commercial matters.

We have also recently signed a MOU [Memorandum of Understanding] on a Transport and a Development Co-operation Agreement.

Just last week, Canada and Vietnam reached an agreement in two important areas. In Hanoi, I shall sign a Memorandum of Understanding that will lead to a final agreement on trade between Canada and Vietnam. This will provide a GATT-compatible [General Agreement on Tariffs and Trade] framework for the conduct of trade between our two countries.

As well, I am happy to say that we have just signed an extension to our Memorandum of Understanding on textiles that will double the Vietnam textile quota for next year. This is good news for Vietnam.

In July of 1995, we will be opening an Education Information Centre in Vietnam to provide Vietnamese students with specific information and counselling on educational facilities in Canada and to lift our educational exchanges to a new level of activity.

Our development assistance program, where we will commit increasing resources to Vietnam in the years ahead, is another important element of our bilateral relationship.

Human resources development, transfer of technology and private sector co-operation in transport, energy, environment and information technology, will be priority areas for project assistance.

On Wednesday, Prime Minister Chrétien will witness the signing of an umbrella development assistance agreement with Vietnam for over \$36 million to cover a number of priority projects in these areas.

As a final note, I encourage Canadian business to pursue new business opportunities in Vietnam; to continue the search for the appropriate Vietnamese partners; and to continue our quest for providing world-class products and technologies to a receptive Vietnamese market.

I want my Vietnamese friends, when faced with the complexities of your emerging economy, to think of Canada, Canadian capabilities and Canadian solutions. The challenges are many. By working together with you we can maximize Canada's contribution to Asia's "Next Tiger": Vietnam.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE NORTH AMERICAN POLICY GROUP
AT DALHOUSIE UNIVERSITY
AND TO THE HALIFAX BOARD OF TRADE



HALIFAX, Nova Scotia
November 25, 1994



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Let me begin by thanking the organizers for this opportunity to speak about trade policy on the eve of the Miami Summit of the Americas. I am especially pleased to be discussing such matters in Halifax, foreshadowing as it does the historic G-7 discussions that will be held here in June, discussions which, to an unprecedented degree, will have a major focus on trade and investment in the G-7.

Less than a decade ago, it would have been unthinkable for a Canadian trade minister to muse openly on free trade with the United States or Mexico. Today it is commonplace to talk of an integrated North American economy — an integrated economy which goes beyond more intensive trade linkages to encompass converging infrastructures, common distribution networks, and an increasingly intricate web of cross-border production and investment.

The last several years have witnessed nothing less than economic revolution in North America. And yet, in many ways, it is the choices we make over the next several years which will determine whether an even more profound revolution is set in motion — one which would see the NAFTA [North American Free Trade Agreement] transformed from a limited continental arrangement into the world's most dynamic and powerful economic entity extending throughout the western hemisphere and perhaps beyond.

Like all turning points in history, nothing is preordained. After initially embracing a sweeping vision of free trade from Alaska to Tierra del Fuego, the United States appears uncertain of its next steps. Economic insecurities, domestic priorities, and recent political upheavals in Washington have conspired to cloud the United States' trade objectives and obscure its hemispheric intentions. Partly in response to apparent hesitation in the United States, Latin America has begun to re-evaluate its own options. New regional groupings — even an exclusive South American free trade area — have for some begun to look more attractive as the prospects for full hemispheric integration appear to grow more uncertain.

The dangers of losing momentum at this critical juncture cannot be overstated. At a minimum, we risk missing out on burgeoning trade and investment opportunities in the newly emerging economies of Latin America. Following decades of economic isolation, Latin America is now transforming itself into one of the most open and economically liberal regions in the world. By hesitating now, North America will not only forego the chance of gaining an early foothold in these dynamic markets; it will forego the chance of encouraging and reinforcing their transformation.

We also risk missing an historic opportunity to bridge our two continents, North and South. Brazil has already launched a proposal to use the Mercosur common market as the cornerstone of a South American free trade area. As a means of breaking down

barriers in the region, liberalizing trade and drawing countries into an integrated economic space, Mercosur represents a bold and imaginative step forward, one that Canada encourages.

Nevertheless, it does not require much imagination to recognize that, faced with a closed NAFTA door, the four countries of Mercosur would confront even greater pressure to carve out their own markets and to formalize their own distinct economic space, possibly even by erecting exclusionary walls. At that point, the dream of comprehensive western hemispheric integration could give way to the *Realpolitik* of competing regional blocs — the "them-versus-us" mentality so antithetical to further trade liberalization.

But perhaps the greatest danger in a loss of momentum is to the NAFTA itself. The NAFTA was conceived originally not as a closed or inward-looking bloc but as an open, dynamic arrangement — an association of countries willing to move further and faster toward the goal of free trade. Canada joined the NAFTA in the expectation that it would remain just that — an agreement fundamentally open to all countries prepared to accept its common rules and its disciplines. Unless we can ensure that the NAFTA door is kept open to Chile, Argentina, the Caribbean or other would-be partners, there is a very real risk that it will be permanently closed.

In this respect, the Summit of the Americas in Miami next month marks an important crossroads. For Canada, it is an opportunity to underscore our renewed commitment to Latin America and the Caribbean; to highlight Canada's long-term objective of strengthening our political, social and economic ties throughout the western hemisphere.

But more than that, Miami represents an opportunity to articulate an overarching trade and investment policy for the Americas — a larger, bolder vision that could serve to overwhelm more parochial and divisive concerns and avoid a welter of conflicting trade rules and practices. What is needed in Miami is a clear signal that we are prepared collectively to harness the energy of our economies; that we recognize the creative synergy that can emerge from the marriage of developing and developed economies; that we are committed to building the most open and dynamic trade and investment regime in the world.

Canada has a number of economic objectives that will be advanced at the Summit, including an acceleration of GATT [General Agreement on Tariffs and Trade] tariff reductions in the region; the introduction of greater disciplines in the application of trade remedy laws; the prohibition of all agricultural export subsidies; and the removal of obstacles to investment flows. Beyond this, it is critical to address prospects for harmonization of the various existing sub-regional trade

agreements that have proliferated throughout the western hemisphere. Each of our suggestions is predicated on the notion that the best guarantee of democratic development, labour advancement, and environmental protection in the western hemisphere rests fundamentally with our collective commitment to further trade and investment liberalization.

The first concrete step towards western hemispheric integration begins with Chile. The prompt accession of Chile to the NAFTA offers more than access to a high-growth market of some 14 million people — a dynamic market that is already the destination for over \$4 billion in Canadian investment. Chilean accession is important because it will help to ensure that the NAFTA architecture remains dynamic, flexible, and open. Chilean accession also offers Canada a new partner to tackle the undeniably difficult trade issues of the future, as well as a more balanced negotiating framework within which to achieve these goals. Finally, Chilean accession to the NAFTA represents the key to opening the emerging South American market as a whole. Once Chile is in the NAFTA it becomes that much more difficult for South America to evolve into an exclusionary bloc — and that much more difficult for the NAFTA itself to turn inward.

Indeed, in a real sense the NAFTA — leaving aside such prosaic matters as acronyms — will no longer be the NAFTA, post-Chile. The NAFTA will have moved beyond North America. It will have demonstrated its capacity to grow and expand. It will be part way to fulfilling its potential as an open market of over 800 million representing some \$9 trillion in GDP [gross domestic product].

This in turn will force us to contemplate — quite soon if momentum is to be maintained — how we relate to, or embrace, the remainder of the continent. Mercosur, the Group of Three, the Andean Pact, CARICOM, the Central American Common Market, and the newly created Association of Caribbean States all share the same objectives — greater economic growth and stability, and trade liberalization within the hemisphere. The alternative is a wasteful and confusing myriad of sub-regional trade arrangements that can only be a brake upon the private sectors in all our countries as they try to make sense of conflicting trade rules.

How do we arrange the marriage of the Americas? Do we contemplate formal trade linkages among the NAFTA, Mercosur and other sub-regional agreements, or will these be subsumed into a "single undertaking"? Should we be ambitious in outlining future schemes for hemispheric integration in Miami, or should we build the structure one country at a time?

Regardless of the mechanisms or modalities, North America must signal its fundamental willingness to take a "great leap forward." Expectations are high. If Chilean accession to the

NAFTA becomes bogged down in politics or procedure — and if the path to future expansion in the western hemisphere remains obscure — we risk losing the advantages that would surely accompany a bold, sweeping initiative in which both North and South join.

Where does this leave Canada and indeed the Atlantic region? In a sense, Atlantic Canada is a microcosm of the kind of economic challenge that our country as a whole must face. As a small, specialized economy, we must export to survive. As an open economy highly dependent upon exports, we must take an active role in building — and extending — the kind of rules-based structures that will ensure our economic security and offer our companies, especially the small and medium-sized, the opportunities to seek profitable joint ventures abroad.

As one contemplates an ever changing international economic landscape — the reduction of trade barriers, the integration of markets, the globalization of investment — it becomes increasingly clear that Canada must continue to push its frontiers outward or risk being left behind. The opportunities are there, in the full implementation of the mandate of the new World Trade Organization and in the Asia-Pacific region in the emerging forum of Asia-Pacific Economic Co-operation. In the western hemisphere, the opportunity is immediate. Chile may seem a long way from Halifax; but in a curious and largely unforeseen way it represents a gateway to our collective future.

Thank you.

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Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE BRAZIL-CANADA CHAMBER OF COMMERCE



TORONTO, Ontario
November 28, 1994



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There are two reasons why there could be no better timing for a conference on export and investment opportunities for Canadian business in Brazil.

First, the assumption of office on January 1, 1995, of the new Brazilian President, Fernando Henrique Cardoso, marks an important stage in the transition of Brazil to an open-market economy.

Second, later in January, Prime Minister Jean Chrétien will lead a large business delegation to Brazil, Argentina and Chile. His visit will demonstrate this government's commitment to stimulating economic growth and creating employment through expanded trade with Latin America.

In fact, 1995 will be a year of unprecedented opportunity for Canada to achieve a major expansion of its economic relationship with Brazil, to the benefit of both our countries.

Beyond that, 1995 also promises to be an exciting year for hemispheric trade, starting with the Summit of the Americas in Miami in less than two weeks. Although a two-day meeting is unlikely to produce dramatic results, one would hope that we can come out of the Summit with a firm commitment to the process of rules-based trade liberalization in the Western Hemisphere, and, ideally, a blueprint for Chile's early accession to the NAFTA [North American Free Trade Agreement].

The Western Hemisphere has the opportunity to emerge as a free trade model for the world. In January of this year, Canada, the United States and Mexico implemented the North American Free Trade Agreement, building on the bilateral Canada-U.S. agreement negotiated five years before. Additionally, Mexico has entered into a free trade arrangement with Venezuela and Colombia under the umbrella of the G-3. A revived Andean Pact will link the economies of Peru, Bolivia, Colombia, Ecuador and Venezuela through freer trade. Brazil has joined Argentina, Paraguay and Uruguay in moving the Mercosul further toward a full common market.

In supporting the ideals of freer trade through Mercosul, Brazil has shown commendable foresight, courage and political willpower. A first, and all-important, commitment to open markets has been made. Thanks to strong, visionary leaders in Brazil and throughout the Americas, bilateral and multilateral free trade is breaking out all over the Western Hemisphere.

These remarkable strides in recent years make it all the more curious that the next logical step — a single free trade regime for the Western Hemisphere as a whole — remains elusive.

An increasingly tangled web of bilateral and regional trade agreements is hardly helpful from a business perspective. It leads to a confusing overlap of rights and obligations, including

multiple rules of origin, that increase the transaction costs of all firms, especially small businesses hoping to export. Because of the absence of uniform content requirements, it prevents the further integration of regional production — this at a time when global trade is increasingly driven by intra-firm transactions, strategic sourcing and transnational investments.

But perhaps the most dangerous aspect of a drift toward separate bilateral or regional agreements is the risk that they might solidify into exclusionary trading blocs. It is clear, for example, that failure to open the NAFTA to Chilean accession would send a negative signal to other would-be partners that the prospects for future entry are indeed limited.

Such a signal, moreover, could well reverberate beyond the NAFTA. Brazil has already launched a proposal to use the Mercosul common market as the cornerstone of a South American free trade area. As a means of breaking down barriers in the region, liberalizing trade, and drawing countries into an integrated economic space, Mercosul represents a bold and imaginative step forward, one which Canada welcomes. Nevertheless, it does not require much imagination to recognize that, faced with a closed NAFTA door, the countries of Mercosul would confront even greater pressure to carve out their own markets and to formalize their own distinct economic space.

We are at a critical juncture. When the countries of the Western Hemisphere gather at the Summit of the Americas in Miami, what shall we say to one another? Shall we give impetus to the movement toward a new trading order both for the Western Hemisphere and for the world — one which signals that we are in the vanguard of economic liberalization beyond the Uruguay Round, that we know where we are headed, that we are committed to building the most open, dynamic market in the world? Or will North and South America again go their separate ways, as they have done to our mutual detriment in the past? As in all matters of trade, the answer for the Western Hemisphere will ultimately depend on whether we have the will to ensure that our common interests transcend our individual differences.

The Miami Summit offers Western Hemisphere countries the opportunity to articulate an overarching trade and investment policy for our region: one which reflects the openness, energy, and dynamism of our economies; and one which fundamentally embraces all countries willing to commit to more intensive, more comprehensive rules-based trade.

The NAFTA could provide the foundation for such a project. With the political will, it could, under a new name, be the base for a free trade association that could in time include countries throughout the hemisphere and beyond. It could emerge as a new kind of economic association, one defined, not by geography, but

by a collective commitment to deeper levels of free trade: the nucleus of a new global GATT-plus. The underlying idea would not be to replace the existing multilateral system — still less to set up a discriminatory regional bloc — but to establish a coalition of countries willing to move further and more quickly toward the goal of trade and investment liberalization.

Why view the NAFTA as a building block for further trade liberalization in the Western Hemisphere? Because the original three NAFTA partners made a commitment to "open regionalism" — the idea that this agreement should be open to all countries prepared to accept its rules and disciplines. Through the accession clause, the NAFTA has the flexibility to incorporate additional countries individually or "groups of countries." Why not use the NAFTA as a bridging mechanism to all other free trade initiatives in the region — the G-3, the Andean Pact, and especially Mercosul?

Both Canada and Mexico have already signalled their desire to move quickly on NAFTA expansion in the Western Hemisphere. This position was highlighted at two recent meetings, which Prime Minister Chrétien had, first with the Chilean Minister of Finance and Trade, Eduardo Aninat, and subsequently with Mexican President-elect Ernesto Zedillo. Although it is critical to get Chilean accession right, there is no reason why, in time, all countries that agree to abide by the NAFTA rules and disciplines should not be welcome in a free trade area. The only "acid test" of membership should be a commitment to submit to the disciplines of genuine free trade and a willingness to work together to push the trade and investment agenda forward.

Such an evolution of the NAFTA could in turn have implications far beyond the hemisphere. It would show other countries that refuse to address our market access and market reform objectives that, in addition to our prime commitment to the new World Trade Organization, this hemisphere has a long-term strategy and a clear policy direction.

As most would agree, trade liberalization and domestic economic reform go hand in hand. And nowhere in the world is the drive for economic reform and liberalization more vigorous and more revolutionary than in this hemisphere. Brazil has recently provided a good example of this trend, and the recent election of Fernando Henrique Cardoso bodes well for the future.

Faced with a clear choice in last month's elections, between integrating into the world economy — with all its challenges and opportunities — or withdrawing into a predictable, but shrinking national cocoon, Brazilians chose to embrace the world. Anyone who believes in trade and economic liberalization must feel, as I do, that this election marks a major step forward for Brazil.

A new currency, tight monetary and fiscal policies, price deregulation, and the slashing of import barriers have already produced tangible results for Brazil. Inflation, which was running at about 50 per cent a month in the spring, is now down to two or three per cent a month. Real GDP [gross domestic product] growth should reach four per cent this year, and five per cent next year.

Brazil's privatization program and other reforms have attracted extensive private investment. And its domestic energy has already found further expression in an aggressive, outward-looking trade and investment policy. Brazil's average tariff rate has dropped from over 65 per cent to 14 per cent and the ban on imports competing with domestic production has been revoked.

Many familiar walls have fallen and many more will have to fall for economic reform to succeed. Although I understand that such reforms are not painless and that the adjustment period can be challenging, the rewards should be great. The prospect of seeing this great country mobilizing its assets and abilities is indeed exciting — I could feel the energy building when I was in Rio Grande do Sul and São Paulo three months ago.

But what does this all mean for Brazil-Canada trade and investment? As natural allies, middle powers in the new world, and old friends, these developments should enable Canada and Brazil to rekindle a relationship which — at times — has suffered from economic shocks.

However, our robust and dynamic commercial relationship stands as evidence that we can trade together to our mutual benefit.

There is no doubt that recent market liberalization policies implemented by Brazil and the proposed opening to foreign investors of key sectors of interest, such as telecommunications and mining, have put Brazil back on the map as a prime investment location and leading commercial partner.

Brazil is Canada's second-largest trading partner in Latin America. Canada's exports to Brazil have steadily increased and are increasingly diversified in the 1990s. This is especially due to the market liberalization program introduced in 1990. In the years ahead, we expect to see a significant increase in two-way trade.

Canada and Brazil have been commercial partners since the 1890s, when the company which became Brascan introduced the first horse-drawn tram system in Rio, and later introduced electric power and telecommunications services to both Rio and São Paulo. Since then, Canadian investment in Brazil has grown to over \$3 billion. Now is the time to augment this relationship with even greater investment in each other's growing economies. To that end, I

invite our Brazilian guests to think of Canada when thinking of the NAFTA market.

Our stable economic conditions, highly trained labour force, and our unique knowledge of and access to the U.S. market combine to make Canada an attractive investment destination for Brazilian entrepreneurs.

Brazilians who purchase manufacturing facilities in Canada, or who are partners with Canadian firms to add value to Brazilian goods in Canada, will see the output of these ventures qualify for full NAFTA treatment. This translates into freer and lower tariff access to the important United States and Mexican markets than exporters would have directly from Brazil. In turn, this is good business for both Canada and Brazil, a way that Brazilian companies can today take advantage of the NAFTA agreement, to build strategic alliances for tomorrow's more open global marketplace.

The year 1995 could mark the beginning of a new era in Canada-Brazil trade and economic relations. There is so much that can be achieved bilaterally by working together in taking advantage of new trade and investment opportunities unleashed by Brazil's economic reforms and our own strong economic performance. There is also much that can be achieved by working together toward the economic integration of the Americas.

It is with this in mind that Prime Minister Chrétien will lead a trade mission to Brazil, Argentina and Chile in late January 1995. The significance of this visit in both political and economic terms cannot be understated. The visit will underline in unequivocal terms that Canada belongs to the Americas. Canada is committed to deepening its relations with all countries in the region. Canada can play a direct role in hemispheric affairs and Canada is an important and friendly trade and economic partner. A notable feature of the Prime Minister's trade mission will be the participation by a number of small and medium-sized enterprises, but both new and experienced exporters will find that the Prime Minister's visit will serve as a catalyst for new sales, new joint ventures, business partnerships and new investments which will generate jobs and growth for both Canadians and Brazilians. I hope to see many of you in the mission, developing new business with the incredibly dynamic Brazil and its neighbours.

Thank you.

Statement

94/74

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE CHRISTINE STEWART,
SECRETARY OF STATE (LATIN AMERICA AND AFRICA)
TO THE 49TH SESSION OF THE UN GENERAL ASSEMBLY

NEW YORK, New York
November 21, 1994



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Mr. President:

We live in a shrinking global community where our interests are increasingly interwoven and our hopes for the future more and more dependent on one another. For this reason, Canada has from the outset welcomed the idea of an ambitious Agenda for Development. We agree with the Secretary-General that development is the "most pressing challenge of our time." We need a fresh framework for international co-operation for economic and social development, one that puts aside past rivalries and builds on shared values. If we are to be successful in forging this new vision, one of those shared values must be respect for human rights.

Development Vision and Framework for Co-operation

We can support much of the two parts of the Agenda presented by the Secretary-General. We agree that peace, the economy, social justice, environmental protection and democracy constitute central pillars of development. Solid building blocks for this new view of development are emerging from a series of important global conferences. The vision is a human-centred one, which sees development as being about the sustainable improvement of human well-being through the removal of hunger, disease, and ignorance, and through the productive participation in society by all.

On the threshold of the 21st century, we have come to understand that social and economic development are two sides of the same coin, that our real purpose is not simply economic growth, but human well-being. The United Nations has a particular role to play in fostering the integration of social and economic considerations, just as it does in underscoring the interconnection between development and peace.

The eradication of mass poverty must be a central goal of a renewed framework for international co-operation. As suggested by the Secretary-General, this framework would recognize the centrality of appropriate national policies to foster development. These include respect for human rights, systems of democratic and accountable governance, the full participation of women, and an enabling environment for civil society and the private sector. I refer, not only to values, but even more to the process. We therefore welcome the recognition within the UN not only of the vital role of civil society, but also of the importance of engaging it in the formulation of new policies.

A supportive international environment is clearly also required. It must pay particular attention to the needs of the poorest, while also recognizing the diversity among developing countries. An open and rules-based trading system is one of the key features of a supportive international environment. This is why we firmly believe in the need for the full and effective implementation of the agreements reached through the Uruguay Round. This is the

best way to ensure the access to global market opportunities that the Secretary-General rightly calls for.

Some of the poorest countries continue to struggle with unmanageable debt burdens. Canada fully agrees with the Secretary-General that more substantial measures need to be taken to reduce the debt load of severely indebted countries that adopt appropriate policy reforms. We also need to ensure that development programs reach people who need them. For its part, Canada is committed to providing 25 per cent of our ODA [Official Development Assistance] to basic human needs.

Canadian Reform Priority

The report of the Secretary-General makes important suggestions on broad approaches; there is also a need to be specific on priorities for the UN itself and on internal reorientation. The Agenda for Development is a vehicle for providing inspiration and a framework for the international community as a whole, as well as a blueprint for the UN role. The UN cannot successfully tackle every important issue. The challenge is to ensure that the value of the UN contribution represents more than its small share of financial flows.

Last month, the Canadian Prime Minister, Jean Chrétien, reiterated that Canadian involvement in the UN is a cornerstone of our foreign policy. The very importance we attach to the organization gives us cause to seek accelerated reform in its economic and social sectors.

The Canadian government is itself currently conducting a foreign policy review. The parameters for that review are dictated by available means, the interests of Canadians and relevance. What this means is that we will, in future, need to be more tough-minded about the choices we make. Our resources are limited, as are those of the UN. We must rethink the roles and mandates of all our multilateral institutions, including those of the Bretton Woods. These questions will be taken up at the next G-7 Economic Summit to be held in Halifax, Canada. We want to work on an urgent basis with the UN community as well, because these issues should be debated as widely as possible at every level concerned. The relevance of certain institutions must also be rethought and a real solution must be found to the problem of duplication, including in relation to the specialized agencies.

This is not to suggest that we are oblivious to the progress that has been made in recent years in promoting stronger coherence and direction. At the same time, it is increasingly clear to us that specific reform measures need to be situated in an understanding of the core functions and comparative advantages of the UN.

Comparative Advantages of the UN

Drawing on its universality, neutrality and physical presence in many parts of the world, the comparative advantages of the UN are: global objective-setting; advocacy and monitoring in areas such as human rights, population and the environment; the provision of neutral policy advice; collection and dissemination of information; providing access to the world for some of the poorest countries; and providing a framework for international humanitarian activities. These are not rigid categories, but rather are suggestive of a framework for channelling the energies of the UN to areas that can really make a difference.

Improving UN Effectiveness

One important step is to eliminate duplication and ensure complementarity with other institutions, such as the Bretton Woods group. We believe there is a need to re-examine how the trade and development function is handled in the UN in light of the emerging mandates of the World Trade Organization. The role and contribution of the UN regional economic commissions also merits close attention. Canada will wish to be certain that the vast array of intergovernmental machinery that has developed over time adjusts to future needs.

We advocate strengthening the human rights and environmental functions within the UN. Dealing more effectively with humanitarian needs is also important, through improved early warning arrangements, "preventive development" and a more seamless continuum between relief, rehabilitation and resumed development. This is especially pressing in conflict situations. The Rwandan tragedy has demonstrated that early warning capacity and conflict prevention should be further reinforced and dealt with in conjunction with development problems.

Strengthening the coherence and impact of the General Assembly and the ECOSOC [Economic and Social Council] in the economic and social fields is essential. ECOSOC must fulfil its co-ordination role within the UN system and be key in the follow-up to international conferences. We are open to the idea of an enlarged bureau of the ECOSOC, but that is no substitute for improved coordination with the specialized agencies. It is time to consider how better to reflect the greater integration of social and economic issues in the work of the Second and Third Committees of the General Assembly.

The deliberative role on global economic issues of both bodies can be improved, but they should not try to compete with more specialized bodies. The value of the General Assembly and ECOSOC lies in bringing moral and political force to global objectives, not in designing specific mechanisms. A further opening of the

General Assembly and the ECOSOC to a wider range of views, such as in the World Hearings on Development, should be encouraged.

Assistance programs can be improved. Consolidation and integration would give these programs greater impact and focus and reduce unnecessary overheads. Co-ordination with specialized agencies remains a vital concern. We should also ask ourselves whether assistance programs on the scale of the UN should not be geared even more to the needs of the poorest countries.

This debate marks the beginning of a new phase in our work on an Agenda for Development. I have sought here to set the Canadian view of some of the key issues that need to be addressed. In terms of next steps, we should look to the early establishment of a working group that would build on the good base offered by the Secretary-General. It could sharpen the expression of priorities within the UN and make suggestions on the changes required to act on them effectively.

As we near the UN's 50th anniversary, the Agenda for Development presents us with an opportunity to revitalize our approach to development and to reposition the UN in the centre of the development debate.

This is an opportunity that we cannot afford to let go.

Thank you, Mr. President.

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Statement

94/75

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA-JAPAN SOCIETY OF TORONTO,
THE JAPAN SOCIETY AND THE ASIA-PACIFIC FOUNDATION



TORONTO, Ontario
December 5, 1994



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Few would now doubt that we are on the threshold of the "Pacific century." Growth rates in much of the Asia-Pacific region are already double the world average. If current trends continue, the region will account for 60 per cent of the world's population, 50 per cent of global production and 40 per cent of total consumption by the year 2000. What we are witnessing is nothing less than a shift in the world's economic centre of gravity from the Atlantic to the Pacific.

The very scale of this transformation poses challenges as well as opportunities. How does a small country such as Canada access a market of over two billion? What approach can encompass economies as diverse as Singapore and China? Where should we begin to look for a bridge over the Pacific? Canada clearly needs to come to grips with the rise of Asia, and yet the sheer magnitude of the challenge seems to obscure the way forward.

There is, of course, no single Pacific bridge. Canada is a member of APEC [Asia-Pacific Economic Co-operation] which, as a result of last month's summit in Indonesia, aims to provide a free trade framework for the region by the year 2020. Just recently the Prime Minister led a highly successful "Team Canada" trade mission to China, following on missions which I have led to India, Hong Kong, Korea, Japan and China over the last 12 months. Canada has also established a "special partnership" with Korea, and we are open to similar bilateral agreements with other key economies in the region. Taken together, these and other initiatives underscore Asia's new priority for Canada and reflect our willingness to push forward on the broadest possible range of fronts.

Yet if there is a key to our Asia-Pacific strategy as a whole, it remains Japan. The strength of our bilateral relationship alone justifies Japan's pre-eminence. Japan is Canada's third-largest export market after the United States and the European Union. In 1993 alone, Canadian exports to Japan rose 13 per cent to over \$8 billion — equalling our exports to the rest of Asia combined.

At approximately \$10 billion, Japan is also our third-largest source of foreign direct investment — the importance of which was underscored by the recent announcement of a new \$600-million investment by Toyota in Ontario. And Japanese investors hold over \$45 billion in Canadian bonds. Put simply, Canada cannot afford to overlook Japan.

But Japan represents more than Canada's third-largest trading partner. As one of the world's three great economic powers, Japan is the engine — and the model — behind the Asian economic miracle. As the source of an expanding web of investment, trade and technology, Japan is at the centre of a vast economic empire spanning the Pacific Rim. By securing its position in Japan — as well as in other core economies such as Taiwan, Korea, Hong Kong and Singapore — Canada gains a window on Asia as a whole.

This of course begs the question, "How is this position to be secured?" If Japan is the key to unlocking the Asian economy, what is the key to unlocking Japan? Japan has scarcely had a reputation for openness in the past. Opaque corporate linkages, restrictive distribution networks, distinctive cultural preferences — these and other factors made Japan one of the most protected industrialized economies in the world. Yet much of this is changing. Over the last several years, Japan has been undergoing its own quiet restructuring — a restructuring that will, in time, make Japan an even more important market for Canadian exports and an even more strategic springboard into Asia as a whole.

Sweeping economic changes are creating a new Japan. This economic transition is being driven in part by broad social and demographic changes and in part by the startling effects of the appreciation of the yen in recent years. The latter has greatly increased the relative costs of production in Japan and widened the price gap between Japanese products and imports.

The effects are threefold: first, a transfer of labour-intensive and lower-technology production out of Japan; second, a wave of outward investment in Asia and elsewhere; and third, a shift from export-led to demand-driven economic growth. The pace of change may be unpredictable, but the direction is clear. Economic liberalization — principally through deregulation and the removal of import barriers — is stimulating domestic demand, creating opportunities for offshore goods and services, and fuelling Japan's recovery.

Japan's economic restructuring has taken place against the backdrop of equally profound political changes. The 1993 general elections ended 38 years of continuous rule by the Liberal Democratic Party. The hegemony of the LDP has been replaced by a new generation of reformers impatient with the old political accommodations. Another important aspect of political change is the increasing saliency of regions.

Japan is not a monolith: it is a country comprising four main islands, 47 prefectures, profound climatic variations and hundreds of years of history. This in turn has created greater pressure for pluralism and decentralization. Canada has responded by opening consulates in Nagoya and Fukuoka in addition to our Osaka consulate general and Tokyo embassy.

A new drive for political restructuring has thus accompanied the equally powerful drive for economic restructuring. The resulting dialectic means that Japan will never be the same.

Overall, these trends should provide three principal benefits. First, the widespread liberalization of the economy and the political system should place new limits on bureaucratic guidance

— bureaucratic guidance that fostered the industrialization of Japan, but has little or no place in a modern market economy.

Second, liberalization should lead to expanded domestic demand, lower consumer prices, increased disposable income and new investment opportunities. Third, liberalization should improve the transparency of Japan's markets and business practices and thereby ease international trade tensions.

These changes are radical changes. We know there is opposition from vested interests in Japan, and that the uncertainty of the political environment constrains policy initiatives. But there is no turning back. Japan's previously complacent consumers have become more keenly price-sensitive and more impatient for change.

The private sector in Japan is also beginning to reinforce the trend toward liberalization, citing the high cost of regulatory compliance and astronomical prices for land, energy and distribution. Canada and other foreign countries can only benefit from such developments.

It is true that access barriers to trade continue to exist in Japan, but we are dealing with them in a concerted manner at both the bilateral and the multilateral level. We continue to pursue a rules-based approach as opposed to any specific targeting of export volumes.

For example, on his recent visit to Japan, my colleague the Minister of Industry signed a joint agreement with the Japanese Minister of Construction that will lead to mutual recognition of test data for construction materials — an agreement that will eliminate costly duplication of testing, evaluation and certification procedures. At the same time, implementation of the results of the Uruguay Round will improve access conditions in many sectors. And we will continue to work with Japan to push our trade liberalization efforts even further, through, for example, meetings of the Quadrilateral Trade Ministers group, and trade initiatives in the context of the G-7.

Yet perhaps the single greatest constraint on Canada's export potential is not demand-side barriers, but our own supply-side weaknesses. We are improving our performance in supplying growing Japanese demands for value-added, labour-saving, price-competitive imports, but an enormous task remains.

Our central challenge is to position ourselves to take advantage of the opportunities that the new Japan offers. *Canada's Action Plan for Japan* is central to our efforts. The *Action Plan*, first unveiled at a meeting of the Canada-Japan Business Committee in 1993, responded to one of the key recommendations of the Canada-Japan Forum 2000 report, which called for greater Canadian awareness of business opportunities in Japan.

I am pleased to provide you today with the first release of the third version of the *Action Plan*. The revision reflects the fact that this is a living, not a static document; we are constantly refining it as we adjust strategies and practices to the changing conditions in Japan.

The revision also reflects our efforts to make the plan industry-driven, with active involvement from private sector groups and individual companies. This is Canada's Action Plan for Japan, not just that of the Department of Foreign Affairs and International Trade. It is the embodiment of extensive collaboration, consultation and co-operation involving my department, other federal departments, the provinces and, most importantly, the private sector.

Collectively we have identified seven priority sectors for trade development in Japan — building products, food products, fish and seafood products, the automotive sector, information technologies, tourism and aerospace — built around three principles of action:

- first, to build awareness of changes and market opportunities through the provision of timely and accurate market intelligence;
- second, to foster the necessary adaptation of products for the Japanese market; and
- third, to promote products more effectively in the marketplace.

The *Action Plan* is not an exclusive list; it represents a good first effort to think strategically and to bring our collective resources to bear on shared goals.

Canada is strongly committed to furthering its trade and economic relations with the countries of Asia-Pacific — a commitment confirmed by our active membership in APEC. We are determined to be part of the profound transformation taking place.

But of all the countries of the region, Japan represents not only our oldest and most important partner, but in many ways the key to new partnerships throughout the region. Canadian business must understand the sweeping changes taking place in the Japanese market and must capitalize on the opportunities that those changes provide.

Many Canadian firms are already doing just that, but many more are scarcely scratching the surface of the tremendous potential that exists. What is at stake is not only our presence in Japan, but our presence in Asia as a whole.

Thank you.

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Statement

94/76

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
AT THE MINISTERIAL CONFERENCE OF
LA FRANCOPHONIE**



**OUAGADOUGOU, Burkina Faso
December 9, 1994**



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Mr. President,
Ministers and heads of delegations,
Madam President of the Permanent Council,
Mr. Secretary-General of the ACCT [Cultural and Technological
Co-operation Agency],
Dear Friends:

The representatives of La Francophonie once again find themselves meeting on African soil.

That is to say, our meeting takes place in the midst not only of those who most desired it — I am thinking here of the Senghors, the Dioris, the Bourguibas — but also of those who, in many ways, have best illustrated steadfast devotion to the ideal of solidarity that La Francophonie embodies.

We are also among those whose continuing allegiance is an important guarantor of La Francophonie's permanence, its richness and the diversity of its values. In the series of Summits, Ouagadougou represents another landmark after Bujumbura, Dakar, Mauritius and Bamako. Meanwhile, Cotonou awaits us. . . .

I am therefore very happy that the first time I have the pleasure of taking part in a ministerial conference of La Francophonie, it is here in Burkina Faso.

A sincere "thank you" to you, Minister Ouedraogo, and to the authorities and people of your country, for the warm welcome extended to us. Our Prime Minister, the Rt. Hon. Jean Chrétien, and I have fond memories of your recent visit to Canada.

In the name of the Prime Minister, I would like to reiterate Canada's unwavering commitment to La Francophonie. I can assure you as well of my own commitment to this fraternal alliance, which is as noble as it is necessary.

History has made Canada a country whose unity, specific nature and very existence as a unique entity have always depended and will continue to depend on the dynamism of its linguistic and cultural heritage. Hence our natural affinity toward countries that share the French language in common with us. Hence also the importance we attach to promoting La Francophonie and seeing it developed and strengthened as a community that is itself multilateral and respectful of diversity.

Léopold Sédar Senghor, one of the fathers of La Francophonie, described it as "integral humanism weaving itself around the world." Canada is well-placed to realize that La Francophonie is not a question of territory. The greatest lesson we have learned is that La Francophonie is not defined by borders; it is universal. Our Canadian Francophonie — in Quebec, New Brunswick, Ontario, Manitoba and elsewhere — needs the support of a strong, vigorous, credible and worldwide Francophone community.

This outward projection of a fundamental aspect of Canada — our membership in the Commonwealth plays a similar role — has a double advantage. It contributes to strengthening and fortifying our own identity and thereby to making Canada an indispensable partner in the great Francophone project. Furthermore, it provides all those who speak French in Canada greater access to the world, provides them with an opportunity to shine, to share and be enriched by their contact with the French-speaking countries.

I would like to take advantage of my presence here on your continent, which has contributed so much to the establishment and development of La Francophonie, to assure you, our African partners, that Africa remains a pre-eminent and priority region for Canadian co-operation. The review of our foreign policy and co-operation programs that is currently under way confirms that Canadians want us to maintain our commitment to your region.

Prime Minister Chrétien and I had an opportunity to make these assurances once again to President Soglo of Benin during his visit to Canada last October, when I advised him of Canada's \$4-million contribution to the next Summit, to be held in his country. At the Economic Summit in Casablanca in November, I announced the creation of a \$60-million development fund to support the private sector in the Maghreb. I also recently announced our decision to reopen the Canadian Embassy in Beirut in early 1995. In addition, I have the pleasure of announcing today that Canada will undertake a number of projects over the next five years to fight AIDS in western Africa. These projects, financed by the Canadian International Development Agency (CIDA), will be administered by a Quebec university, Université Laval, whose competence and excellent reputation are certainly known to many of you. We must struggle against this pandemic disease, with its enormous social and human costs and immense impact on development. Finally, I am sure you are aware that most Canadian bilateral aid goes to Africa, particularly the countries of the Francophone community. The basic aims of this aid continue to be sustainable development, the reduction of poverty, social action, the advancement of women, and good governance.

As you know, I do not number myself among the "afro-pessimists." As that knowledgeable observer of the African scene, President Mitterrand, observed in Biarritz a few days ago, undeniable progress has been made, including in the area of democratization and human rights, despite the problem areas with which we are all familiar.

Canada is all the more encouraged to continue its support for Africa in view of the fact that many countries have made major changes in direction. Through the devaluation of the CFA franc and the establishment of structural adjustment programs, a number of these countries have demonstrated their desire to courageously

confront the problems that face them and thereby contribute actively to carving out a place for themselves in the world economy. Canada has participated directly in funding certain programs that accompanied these reforms.

Mr. President, a beautiful African proverb says, "No paths lead to trees that bear no fruit."

If there are so many of us gathered here around this table, it is surely because we all share the firm conviction that La Francophonie generates activities of considerable significance and inspires hope for our community.

Indeed, how much progress there has been since Niamey! How can we fail to pay homage here to that veritable backbone of La Francophonie, the Agency for Cultural and Technical Co-operation (ACCT), for its work over the past 25 years? Mr. Secretary-General, receive our gratitude and expressions of confidence in the future of your agency. How much the Association of Wholly and Partly French-language Universities (AUPELF) has changed! It is now known as the University of French-speaking Networks (UREF) and is one of the driving forces in La Francophonie. Who would have thought 10 years ago that by 1995 our movement would give birth to a world television network? And already we are knocking on the door of world telecommunications in French. Together, we will project our voice, in all its various accents, over our rainforests and snowy plains, over our mountains and rice fields.

The French-speaking countries can and must participate more actively and with more imagination in shaping the world of today. The recent tragic events in French-speaking countries concern us directly and pose a challenge to us. La Francophonie is summoned to take action, as far as its means allow, together with the large international institutions. We clearly do not lack for challenges. As I stated at the 49th General Assembly of the United Nations in New York on September 29, "These challenges are peacekeeping and international security, as well as development, justice, democracy, human rights and the fight against inequalities."

Canada will vigorously pursue the idea of a permanent UN standing force in the hope that the international community will hear our call, just as it did nearly 40 years ago, when former Canadian Prime Minister Lester B. Pearson proposed the creation of the first UN force. This new proposal aims to give hope and confidence back to those societies subjected to violence and all its terrible consequences.

Last October 15 in Port-au-Prince, I was privileged to witness the return to Haiti of President Aristide. Hope is returning to this courageous people, who have always supported their

legitimate, elected president. I am convinced that La Francophonie will continue its support for Haiti, as it faces its enormous task of national reconstruction.

Canada, for its part, announced on October 15 that it would inject \$30 million into various programs over the next six months to meet the immediate needs of the people, especially programs that create jobs. In response to a request from President Aristide and the Secretary-General of the United Nations, Canada has begun to train Haitian police officers in Canada and Haiti in order to create a new police force that truly serves the population. We agreed to take part in the United Nations Mission in Haiti (UNMIH), and when authorized by the Security Council, Canada will deploy about 100 RCMP officers and between 450 and 600 members of the Canadian Armed Forces in Haiti.

Although we are comforted by images of the democratic renaissance in Haiti, other images are unbearable. Who among us has not been haunted by the pictures of massacre victims in Rwanda and of the men, women and children packed into camps tormented by sickness, hunger, and now exactions of all kinds?

Faced with conflicts that threaten the lives of millions of innocent people in its own member countries, and that expose them to the worst violations of their fundamental rights, La Francophonie cannot remain indifferent. Have we ourselves not solemnly reaffirmed the primacy of these rights in the resolutions passed and the statements issued at the last Francophone Summits, in Dakar, Chaillot and Mauritius?

Canada fully supports the various actions that have been taken by many Francophone countries to help the people of Rwanda and Burundi. As I pointed out at the United Nations, for two months Canada was the only country airlifting supplies to Kigali. To date, 360 Canadian soldiers have served in these countries under the UN flag, and numerous Canadian NGOs [non-governmental organizations] have mobilized to bring relief to these populations in distress. I am also heartened by the support provided by the people of Canada, who have directly contributed over \$18 million in a spontaneous gesture of solidarity with the people of Rwanda.

I would like to take the opportunity offered by this conference to announce that Canada will provide \$8.5 million to aid in the reconstruction of Rwanda and to continue our support for the repatriation of Rwandan refugees and for the resettlement of displaced persons within Rwanda. This money will be used for purposes such as financing a social development fund, supporting the International Committee of the Red Cross, and setting up projects to encourage good government and democratic development. These funds are above and beyond the \$21.8 million that Canada

has spent since last April on emergency assistance for the Rwandan people.

In light of the tragic events I have just mentioned, La Francophonie has a duty to examine ways that it might attack the root causes of such conflicts, instead of deploring their effects. La Francophonie must try to contribute to the prevention of conflicts.

Mr. President, let me once again quote Léopold Sédar Senghor, this time a remark that he made at Université Laval in Quebec in 1966: "La Francophonie is a way of thinking and acting, a certain way of formulating problems and seeking solutions to them." I think that we should draw inspiration from this thought even today, if we wish to prevent conflicts and give La Francophonie a new dimension.

Together, we surely have vast reserves of creativity and imagination. Why shouldn't we be able to draw on these many varied resources to try to eliminate evils before new crises erupt? Special services already exist to protect harvests against bad weather and pests. Why couldn't La Francophonie create services through which countries who request it could receive the help of "sages" — conciliators and peacemakers who would work to reduce the causes of tension and violence? Providing such services is one concrete way that La Francophonie could respond to the urgent appeals made by the UN Secretary-General to institutions such as ours in his *Agenda for Peace*.

As the Prime Minister of Canada, Jean Chrétien, declared in his recent speech to the French Senate: "If La Francophonie wishes to establish its authority, it will have to strengthen its ability to intervene politically and acquire some instruments of preventive diplomacy," because "without such instruments, it will be a mere figurehead." I therefore propose that, in co-operation with the United Nations and the Organization for African Unity (OAU), we organize a meeting of senior officials and specialists in preventive diplomacy, to be held in Canada. The purpose of this meeting would be to define a process for preventing conflicts in French-speaking countries. This process would then be presented at the next Francophone Summit, in Cotonou. The meeting in Canada would also provide the opportunity to prepare a Declaration of the Heads of State and Government of La Francophonie on the Prevention of Conflicts. Canada is prepared to facilitate the participation of representatives who would otherwise be unable to attend this meeting.

Mr. President and respected colleagues, the economic and social problems that many of our countries face do not make the headlines as often as armed conflicts do. But that does not make these problems any less pressing.

The Dakar, Chaillot and Mauritius Summits all recognized the importance of economic co-operation within La Francophonie. As the world celebrates the 50th anniversary of the Bretton Woods agreement and looks back on the progress made, La Francophonie must consolidate its own achievements and continue its own efforts in the area of greater economic co-operation.

The creation of the World Trade Organization is a step in the right direction. But we must support the less-developed countries so that they can participate more fully in this organization and derive greater benefit from it.

Many other issues must be considered as well: the need to make markets in the Francophone community more open, the burden of debt, the environment, economic management, developing the private sector in less-advanced economies. All these things must be a cornerstone for growth and renewal.

But we must not stop there. It is essential for us to consider other issues, such as international migration, population growth, democratic development and sound social and political management, because they also strongly influence the economic development of every country.

For millions of Francophones, however, life's most fundamental necessities go unmet. The Cairo Conference reminded us of the urgent need for effective action to grapple with the problems of population and development. We cannot solve these problems without fully recognizing the role of women. I therefore consider it essential for La Francophonie to work to establish a new development strategy focused on women at the Fourth UN World Conference on Women in Beijing. We must also actively help to prepare the new *Agenda for Development* proposed by UN Secretary-General Boutros Boutros-Ghali.

Mr. President, at the Mauritius Summit, our heads of state and government recognized that the time had come to more clearly identify the ambitions of La Francophonie. Toward this end, they created a study group on strengthening La Francophonie. New challenges such as those I have just mentioned make the time ripe for such a group. We are all looking forward to the interim report that this group's chair, Mr. Dehaybe, will present to us tomorrow.

This extremely important committee still has a year until it submits its final report, and I do not want to make any presumptions about its findings. But I do want to stress the need to clearly define the mission of La Francophonie. We must target areas of co-operation based on the characteristics that unite us. We must concentrate on a few major programs in these areas and mobilize our efforts around them. Only in this way can La Francophonie hope to become a credible, respected player on

the world scene, one whose influence cannot be ignored. The areas where we should concentrate are becoming increasingly obvious: the French language, education, culture, communications, computers and the rule of law. I am convinced that, together with the economic activities they support, these programs will provide the energy to galvanize La Francophonie for the next 25 years to come.

Canada believes that to bring new dynamism to La Francophonie, the time has also come for all parties concerned to seek ways of better co-ordinating their programs. Our programs all operate in the same countries, but they could support each other better than they do, especially in these times when we all must learn to make better use of our resources and affirm our political co-operation.

Since La Francophonie has set high aspirations for itself, and dreams of even higher ones, there has been much talk of its "political deficit." I will not hide my agreement with those who say we need more credibility in this regard. The structures that we have put in place since the Francophone Summits first began can still be improved upon. No doubt the study group will devote some time to this question between now and the Cotonou Summit.

We cannot sit idle, we cannot stagnate. We must do what has to be done. I think that the Chaillot Summit blazed the right trail. Now we must explore it further, with imagination, pragmatism and generosity, to put La Francophonie on a firmer political footing. I am confident that we will achieve this goal.

Mr. President, I have tried to express the strong attachment that Canada feels to La Francophonie. I also wanted to contribute to our common search for the best ways to safeguard those principles so essential to the progress of La Francophonie.

I would be remiss if in closing I failed to recognize the tireless contributions that the Republic of Mauritius has made over the past two years in chairing the Permanent Council of La Francophonie and the Ministerial Conference. Mauritius has shown us yet again that in La Francophonie, there are no small countries or large countries. There are only partners working for a common cause. Madam President of the Permanent Council of La Francophonie, Canada applauds the excellent work you have done.

Thank you.

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